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DECEMBER 2003 & JANUARY 2004, NO. 122, $6.00

SOVEREIGNTY AND DEMOCRACY
MARC F. PLATTNER

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KEVIN O'CONNELL AND ROBERT R. TOMES

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ALSO: ESSAYS AND REVIEWS BY
ALVIN RABUSHKA, PETER SAVODNIK,
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EDITORIAL AND BUSINESS OFFICES: *Policy Review*, 21 DUPONT CIRCLE NW, Suite 310, Washington DC 20036. Telephone: 202-466-6730. Email: polrev@hoover.stanford.edu. Website: www.policyreview.org.

SUBSCRIPTION INFORMATION: Contact *Policy Review*, Subscriptions Department, P.O. Box 653, Shrub Oak NY 10588 or call toll-free 1-877-558-3727. For address changes (allow six weeks), provide old and new address, including ZIP codes. Second class postage paid at Washington DC and additional mailing offices. Postmaster: Send address changes to *Policy Review*, Subscriptions Department, P.O. Box 653, Shrub Oak NY 10588. Subscription rates: $36 per year. Add $10 per year for foreign delivery. Copyright 2003 by the Board of Trustees of the Leland Stanford Junior University.

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Sovereignty and Democracy

By MARC F. PLATTNER

A "EUROPEAN CONVENTION" chaired by former French President Valéry Giscard d'Estaing recently finished drafting a new constitution for the European Union, but the parallels with the Philadelphia Convention of 1787 that this inevitably conjures up for American observers are extremely misleading. Anyone who expects the current debate over European unification to mirror the historic contest in the United States between Federalists and Anti-Federalists is quickly disabused. That was an argument about the proper locus of sovereignty and the appropriate scale of the state. Politicians can sometimes be heard voicing such concerns in Europe today, but in scholarly and intellectual circles the predominant tendency is not to argue about where sovereignty should be lodged, but to call into question the concept of sovereignty; not to argue about how big the state should be, but to wonder about whether the era of the modern state is coming to an end.

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This may seem odd at a time when the modern state seems to be enjoying the hour of its greatest triumph. Virtually the entire world now consists of independent states, their number greater than ever before. And the most important global institutions, beginning with the United Nations itself, are intergovernmental organizations whose members are states, represented by the delegates of their governments. Yet there is no denying the fact that in many quarters, especially in some of the advanced democracies, there is a widespread feeling that the modern state is becoming obsolete, that it is increasingly incapable of responding to the problems of the contemporary world, and above all to the challenges posed by globalization. It is this feeling that shapes the moral and political context in which European unification is unfolding. In one sense, of course, the EU is merely a regional organization, but the debate over its future is intimately bound up with the issue of globalization.

Globalization is a subject on everyone's lips today, not just in Europe but around the world. I am inclined to believe that recent advances in telecommunications technology and in the internationalization of markets have created a greater degree of mutual interpenetration among societies worldwide than ever existed before. But the trends that are summed up by the term "globalization" are not new. Following the rise of multinational corporations and the oil price shocks of the 1970s, many observers called attention to the idea of international "interdependence." And some scholars have plausibly argued that there was greater international openness and mobility during the period prior to World War I than there is today. In my view, what is distinctive about the current discourse on globalization is the jaundiced view that it takes of the modern state. After having long been regarded as the culmination of political evolution and the indispensable framework for freedom and democracy, the state is now often seen as a historically contingent institution built on shaky moral foundations.

Deconstructing the state

ONE OF THE scholars who appears to have been especially influential in shaping current thinking about the modern state is John Ruggie. Fittingly enough, Ruggie not only is a distinguished professor of international relations, but has recently served as assistant secretary-general of the United Nations. His writings, and especially his *International Organization* article "Territoriality and Beyond: Problematizing Modernity in International Relations" (Winter 1993), are widely cited not only in the academic literature but also in more policy-oriented discussions regarding the future of the European Union. What Ruggie "problematizes" in his essay is not just modernity, but the modern state and the concept of sovereignty.

The discipline of international relations tends to take for granted the "modern system of states," Ruggie argues. Thus, while it is adept at under-

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standing changes in the balance of power among states, it is poorly equipped to understand the more momentous kind of transformation that may result in "fundamental institutional discontinuity in the system of states." Yet there are signs that such a period of "epochal" change may now be upon us. This is seen both in the transformation of the global economy due to ever more extensive transnational links and in the rise of the European Union, which "may constitute nothing less than the emergence of the first postmodern international political form."

Ruggie's essay includes a brief account of the debate about postmodernism in the humanities, but for the purposes of international relations he distinguishes the modern from the postmodern in terms of their different "forms of configuring political space." The modern system of rule is based upon "territorially defined, fixed and mutually exclusive enclaves of legitimate domination. As such, it appears to be unique in human history." How else has political space been configured in the past? Ruggie refers briefly to primitive kin-based systems and to the conception of property rights held by nomadic peoples, but by far the greatest part of his analysis is devoted to the "nonexclusive territorial rule" that characterized medieval Europe, with its complex patterns of multiple allegiances and overlapping jurisdictions.

The modern state's persistence cannot be taken for granted.

It is by analyzing the earlier transformation of the feudal order into the modern world of states claiming absolute and exclusive sovereignty over their territories that we can gain insight into the new transformation that may now be under way. The modern state has been invented or "socially constructed," and thus its persistence cannot be taken for granted. In fact, the European Union, where "the process of unbundling of territoriality has gone further than anywhere else," may point the way toward a postmodern future that will in important respects resemble the medieval past.

The general orientation of Ruggie's analysis is reflected in a great deal of contemporary writing about sovereignty, the nation-state, and the European Union. (To be sure, Ruggie draws upon a body of prior academic studies, most notably the work on the formation of the modern state prominently associated with Charles Tilly.[1]) One encounters in this literature surprisingly frequent references to the fleeting and historically contingent character of the modern nation-state. And the European Union is most often described not as the germ of some larger form of the nation-state (often disparagingly

[1]See Charles Tilly, "Reflections on the History of European State-Making," in Charles Tilly, ed., *The Formation of National States in Western Europe* (Princeton University Press, 1975).

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referred to as a "superstate") but as a new kind of postmodern or "neomedieval" structure that transcends the "Westphalian" framework.

Yet while Ruggie's argument incorporates a number of useful insights, I believe that it is misguided in several crucial respects. The first is an overemphasis on the wholesale uniqueness of the modern state. It is true that the modern state differs in some ways from all previous political orders, and its persistence, despite its current worldwide predominance, should not simply be taken for granted. Yet the fact that the modern state is new is sometimes elided into the view that the division of the world into separate political orders is also something new. Ruggie's assertion that an order based upon "territorially defined, fixed and mutually exclusive enclaves of legitimate domination . . . appears to be unique in human history" is, I believe, simply wrong.

Willful neglect of the ancient city is a striking feature of the entire literature.

Analyses like Ruggie's that hold that the modern state was invented or constructed tend to take the feudal Europe that preceded it as a more gradually evolved and thus somehow more natural and less arbitrary form of political order. They do not consider the possibility that the feudal order, shaped by the universalist claims of pope and emperor, was itself a radical departure in human history, occasioned by the rise of Christian revelation. But this is surely how feudalism was viewed by the theoretical founders of modern politics.

The notion that the earlier transition from feudalism to modernity somehow supplies the key to understanding the coming transformation to a new system that will transcend modernity recalls the doctrine of Karl Marx. And as is also true of the Marxist schema, Ruggie's perspective has very great difficulty fitting the ancient world into its analytical framework. Most such contemporary approaches, including Ruggie's, do not even try to account for classical Greece and Rome; they simply ignore them. Willful neglect of the ancient city is, in fact, a striking feature of this entire literature. One can read histories of the state or of international state systems that deal with primitive tribes, nomadic peoples, the Chinese Empire, ancient India, and the Islamic world but do not even have an entry in the index for ancient Greece. This is especially odd, first, because the cities of ancient Greece certainly constituted a system of political units based on "territorially defined, fixed and mutually exclusive enclaves of legitimate domination" and, second, because part of the inspiration for the creation of the modern European state unmistakably came from the rediscovery of ancient political thought and practice.

After all, even medieval political thought was decisively shaped by the recovery of the works of Aristotle. It is true that early modern thinkers like Machiavelli and Hobbes openly attacked classical political thought and

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sought to create or to justify a political order that would differ in crucial respects from the ancient city; yet a major aim of these founders of modern political philosophy was to recover the autonomy and supremacy of political life that had characterized classical Greece and Rome. Machiavelli's most comprehensive work consists of discourses on Livy's history of Rome, and Hobbes's earliest published writing was a translation of Thucydides's history of the Peloponnesian war. Moreover, the peculiarly modern doctrine of sovereignty first developed by Bodin and Hobbes, however it may differ in other ways from the classical understanding, agrees with the Aristotelian view that the political order is the highest association or the supreme community — at least in the sense of not being properly subject to any external power.

The focus on the medieval world and neglect of the ancient in the literature to which Ruggie's essay belongs tend to be paralleled by a lack of concern with the issue of self-government or democracy. Those who write approvingly of the Holy Roman Empire as a model for Europe[2] or praise the diversity and permeability of borders in the "pre-Westphalian" era do not appear to reflect on the human consequences of those arrangements. It is not mere happenstance that the feudal period was a time not only of disorder but of oppression and severe inequality. An absence of firm borders and of clear lines of jurisdiction may not be a problem in empires or other political forms where governments are not accountable to their citizens. But if the citizens are to govern, or at least to hold their governors accountable, it must be clear who is and who is not included in the polity. And it is hard to see how this can be accomplished without clear lines of demarcation indicating whose voices have the right to be counted.

The focus on the medieval world and neglect of the ancient tend to be paralleled by a lack of concern with democracy.

There is more than a merely verbal connection between the modern concept of sovereignty and the contemporary idea of the sovereignty of the people. Notwithstanding the fact that Bodin and Hobbes were champions of monarchy, it is their doctrine of sovereignty that prepared the way for the notion that all political power ultimately derives from the consent of naturally free and equal individuals. It is the modern nation-state that provided the indispensable framework for building a political order that protects the

[2]See, for example, Peter Koslowski, "Fatherland Europe? On European and National Identity and Democratic Sovereignty," in Andreas Follesdal and Peter Koslowski, eds., *Democracy and the European Union* (Berlin: Springer Verlag, 1998).

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rights and heeds the voices of all the people who belong to it.

Two of the leading contemporary scholars of democracy, Juan Linz and Alfred Stepan, affirm the necessity of this link with particular forcefulness: "[W]ithout a state," they argue, "no modern democracy is possible. . . . Modern democratic government is inevitably linked to stateness. Without a state, there can be no citizenship; without citizenship, there can be no democracy."[3]

Democracy without sovereignty?

WHAT, THEN, IS the attitude toward democracy of those who proclaim the obsolescence of the nation-state and welcome the erosion of the "Westphalian" notion of sovereignty? While there are some who ignore or are indifferent to this question, it would be inaccurate and unfair to claim that this is the general view of the champions of transnationalism. There is, for example, a lively and intense debate about the EU's "democracy deficit" or "legitimacy deficit" and how to repair it. This concern even appears prominently in the EU's Laeken Declaration, the official document that initiated the process leading to the new draft constitution. A cynic might say that this is the defensive response of European elites, worried that disillusionment among European publics with the remote and opaque decision making of the EU may derail the entire project of "ever closer union." But I believe that it also reflects the fact that the global prestige of the democratic principle is perhaps higher than it has ever been — notwithstanding the growing tendency to question the legitimacy of the modern state.

As a result, many students and proponents of the EU seem to be groping toward the view that the EU can become a democratic *non*-state. They refuse to accept the dichotomy according to which the EU must be *either* 1) an essentially intergovernmental organization that derives its democratic legitimacy through the national parliaments of its member states *or* 2) a genuine federal state that derives its democratic legitmacy through governing institutions directly responsible to the European electorate. They say, with more than a little justification, that the EU already has gone well beyond being a merely intergovernmental institution yet falls far short of being a federal state. At the same time, their argument is not that the EU has found some "middle way" between intergovernmentalism and traditional federalism but rather that its organizing principles must be understood as existing on a different plane from the continuum that runs from intergovernmental-

[3]Juan J. Linz and Alfred Stepan, *Problems of Democratic Transition and Consolidation: Southern Europe, South America, and Post-Communist Europe* (Johns Hopkins University Press, 1996), 17, 28.

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ism to federalism. Thus, they define the EU as a non-state, non-nation polity (or entity).[4]

It may be true that so far this is largely the language of academics rather than politicians or publics, but the argument has a considerable attraction for the latter as well. First, this non-state conception appeals to a strong antipolitical disposition that is seen today in many parts of the world but is especially powerful in Europe. This disposition is reflected in the enormous prestige enjoyed by "civil society" and by "nongovernmental organizations," as compared to political parties or to governments. One way of viewing the non-state vision of the EU is that it promises to provide governance *without* the need for government. Indeed, some Europeans, far from wishing to build a new kind of polity, seem to aspire to the creation of a new *non*governmental organization — the EU as the world's largest and most influential NGO. Second, the non-state conception seems to offer a means of what is frequently referred to as "squaring the circle" — that is, building an ever closer European Union without taking away the sovereignty of member states that many Europeans continue to hold dear.

Many proponents of the European Union seem to hold the view that it can become a democratic nonstate.

According to the classic modern doctrine of sovereignty, of course, it was regarded as impossible to maintain sovereignty in both a political union and its constituent parts. In contemporary language, one might say that the lodging of sovereignty was regarded as a kind of "zero-sum game." Here is how Alexander Hamilton, in *Federalist* 15, characterizes the opponents of the Constitution drafted by the Philadelphia convention: They aim, he charges, "at things repugnant and irreconcilable; at an augmentation of federal authority without a diminution of State authority; at sovereignty in the Union and complete independence in the members. They still, in fine, seem to cherish with blind devotion the political monster of an *imperium in imperio*."

A bit further on, Hamilton elaborates on what he calls "the characteristic difference between a league and a government" — namely, that only the latter can extend its authority to individuals, while the authority of the former reaches no further than to member governments. Government, according to Hamilton, involves the power not only of making laws, but of enforcing them. For if they are without sanctions, "resolutions or commands which

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[4]One of the clearest statements of this point of view may be found in Philippe C. Schmitter, *How to Democratize the European Union . . . and Why Bother?* (Rowman & Littlefield, 2000). See especially Chapter 1.

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pretend to be laws will, in fact, amount to nothing more than advice or recommendation." While governments may deal with recalcitrant individuals through the "courts and ministers of justice," there is no way a league can enforce its decisions against one of the sovereign entities that compose it without resorting to military force. Thus, in a league "every breach of the laws must involve a state of war; and military execution must become the only instrument of civil obedience."

The *Federalist* goes on to support this reasoning by appeals both to the nature of man and to the experience of previous confederations. Because men love power, those who exercise sovereignty are likely to resist attempts to constrain or direct them. Thus, in confederations that attempt to unite sovereign bodies, there is inevitably a centrifugal tendency for the parts to free themselves from the center. The subsequent numbers of the *Federalist* then explore the experience of confederations both ancient and modern. The conclusion drawn from this examination of the historical record is emphatically stated at the end of *Federalist* 20 (a paper sometimes attributed jointly to Hamilton and James Madison) — namely, "that a sovereignty over sovereigns, a government over governments, a legislation for communities, as contradistinguished from individuals, as it is a solecism in theory, so in practice it is subversive of the order and ends of civil polity, by substituting *violence* in place of the mild and salutary coercion of the magistracy."

Hamilton justifies this sweeping conclusion by appealing to "experience [which] is the oracle of truth." Yet proponents of the new views put forward by theorists of the European Union would point precisely to the experience of European integration to contradict Hamilton's conclusions. First of all, though in many respects it seems closer to a league than to a government in Hamilton's terms, the EU, thanks to various rulings of the European Court and their acceptance by national courts, does have authority that in important respects reaches to individuals as well as collectivities. Second, in spite of the lack of a mechanism to enforce compliance, the decisions of the EU are largely accepted by member states — and this without resort to the sword.

In fact, the EU seems to present the spectacle of constituent units obeying the dictates of the center not only without violence but even without visible coercion. In trying to understand this unprecedented phenomenon, I have found particularly helpful a formulation offered by J.H.H. Weiler, one of the most distinguished scholars of European law. Weiler argues that the EU has evolved a federal constitutional or *legal* structure alongside a largely "confederal" or intergovernmental *political* structure.[5] In other words, Europe

[5]J.H.H. Weiler, Epilogue, "Fischer: The Dark Side," in Christian Joerges, Yves Mény, and J.H.H. Weiler, eds., *What Kind of Constitution for What Kind of Polity? Responses to Joschka Fischer* (San Domenico di Fiesole, Italy: Robert Schuman Centre for Advanced Studies, 2000).

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has accepted the "constitutional discipline" characteristic of federalism without becoming a federal state. In effect, it has become a federal non-state whose decisions are accepted voluntarily by its constituent units rather than backed up by the modes of hierarchical coercion classically employed by the modern state. In fact, the EU combines a "top-to-bottom hierarchy of norms" with "a bottom-to-top hierarchy of . . . real power." It achieves what Hamilton would have regarded as either disastrous or impossible — the separation of law from the power to enforce it.

However accurate Weiler's analysis may be in describing the current state of the EU, it surely raises a couple of larger questions: First, what conditions have enabled this structure to work so far, and can it continue to do so? Second, presuming that the federal non-state can continue to maintain itself, what would be the ultimate consequences for democracy? The first of these questions concerns the viability or practicability of the federal non-state, while the second concerns its ultimate desirability. I cannot hope to address these matters in more than a very preliminary way here, but let me try to offer a few reflections about them.

War and the postmodern state

In seeking to understand what has enabled the EU to function effectively as a federal non-state, I would emphasize the fact that its member states are all liberal democracies. This means not only that they are "open societies" but that they are averse to using force against other open societies. Here I think that what has been dubbed the "democratic peace" thesis is directly relevant. That thesis, based on an imposing record of historical evidence, holds that liberal democracies rarely if ever fight wars against each other (though they are quite prone to fight wars against countries that are not liberal democracies). The web of ties that bind member states of the EU has undoubtedly contributed to the sense that war among them is unthinkable, but one might argue that the nature of the member states is more important in this regard than the framework that connects them. After all, war is equally unthinkable between an EU member state and a nonmember like Norway or Switzerland, just as it is unthinkable between the United States and Canada or between Australia and New Zealand.

The fact that contemporary liberal democracies do not fear that force will be used against them by their fellow liberal democracies makes possible a previously unprecedented degree of integration among them. In Europe, a region where most regimes — and certainly the most powerful ones — are liberal democracies, it has made possible the success of the European Union in achieving an extraordinary degree of cooperation without erecting a "superstate." In understanding this achievement I have found very useful the analysis offered by the British diplomat Robert Cooper (a former foreign policy advisor to Prime Minister Tony Blair who is now working as director-

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general for external and politico-military affairs for the Council of the European Union). In his remarkably concise essay *The Postmodern State and the World Order* (London: DEMOS and the Foreign Policy Centre, 1996), Cooper provides what, to my mind, is a much more persuasive case than does John Ruggie for the novelty of the EU and for the willingness of its member states to surrender some of their sovereignty.

Cooper convincingly demonstrates that there has been a fundamental change in the international aims and behavior of many of the advanced democracies, but he also emphasizes that the postmodern order most clearly represented by the EU constitutes only one portion of today's world. For it coexists with two other orders: the modern order of robust national states still jealous of their sovereignty (among his examples are India, China, and Saddam Hussein's Iraq) and the premodern order of "failed states" (Afghanistan, Somalia, Sierra Leone) incapable of exercising real control over their territories. This means that the postmodern states, while they may eschew the use of force among themselves, cannot wholly escape the need of employing it in their dealings with modern and premodern states. It also means that the ability to preserve and enhance the postmodern achievements of the EU depends on a willingness to depart from the norms of postmodern behavior and to employ the "rougher methods of an earlier era" when the situation demands. As Cooper puts it, "Among ourselves, we keep the law but when we are operating in the jungle, we must also use the laws of the jungle."

There has been a fundamental change in the international aims and behavior of many of the advanced democracies.

As we have recently witnessed, however, the perceived need to resort to "rougher methods," especially those involving the use of military force, tends to create political disputes among postmodern states that are not easily resolved consensually. Some would no doubt argue that the current contentions within the EU are largely provoked by the policies of the United States and that the fault lines dividing Europeans have their origins in Washington. Others would surely respond that the U.S. security umbrella provides the indispensable shelter that allows the EU to function as a wholly civilian non-state polity.

Be that as it may, the difficulty underlined by Cooper remains. Even if the European Union succeeds in taming national sovereignty and in subordinating force to law within its own postmodern sphere, can it continue to resist the pressures and dangers that arise from the still untamed parts of the world? As Cooper notes, "States reared on *raison d'état* and power politics make uncomfortable neighbors for the postmodern democratic conscience. Supposing the world develops . . . into an intercontinental struggle. Would

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Europe be equipped for that?" To put it somewhat differently, will a non-state be able to defend and preserve itself in a world that still contains powerful modern states? Or would such external pressure drive Europeans to try to recover their "stateness," whether by the formation of a real European "superstate" or by a reassertion of sovereignty at the level of the nation-state?[6]

So even if Europe is undergoing a far-reaching transformation such that the old notions of sovereignty no longer apply within the intra-European sphere, the question remains whether "postmodernism in one region" can really work. Can Europe renounce the use of force if other parts of the world refuse to do so? And can Europe continue to govern itself within a non-state framework if its member states must continually wrestle with life-and-death issues of war and peace that intrude upon it from other regions? The EU's perennial difficulties in fashioning a common foreign policy underline the seriousness of this dilemma.

Transcending the state?

BUT LET US for argument's sake presume that the rest of the world can be postmodernized and, thus, that this problem can be resolved. There would still remain the question of what might be lost in leaving behind or transcending the nation-state. Here I have in mind precisely the issue of democracy. This problem is also briefly noted by Cooper, who formulates it in the following terms: "A difficulty for the post-modern state . . . is that democracy and democratic institutions are firmly wedded to the territorial state. . . . Economy, law-making, and defense may be increasingly embedded in international frameworks, and the borders of territory may be less important, but identity and democratic institutions remain primarily national."

Cooper's reference here to identity being "primarily national" raises an important ambiguity inherent in the word "national," so let me make clear that I am not suggesting that political identity must be tied to some form of ethnicity. As the case of the United States proves, such identity can be established among citizens of very diverse ethnic origins. Though it would not be easy, I do not think it is out of the question that a European political identity could be nurtured that would come to supersede the attachment of Europeans to their existing national states. So I am not arguing that

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[6]Even Philippe Schmitter, one of the most thoughtful "non-state" theorists, acknowledges that if the EU were to play a more active role in security and defense policy, it would "have to acquire far more 'statelike' properties than it currently has in order to coordinate and finance such a collective effort." Schmitter, *How to Democratize the European Union*, 27.

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European unification as such is hostile to democracy, or that the only way to preserve democracy in Europe is to reaffirm the sovereignty of the EU's member states. I am not a "euroskeptic."

My argument is that for democracy to work, there must be an overarching political order to which people feel they owe their primary political loyalty — in short, a state, with clear boundaries and clear distinctions as to who does and does not enjoy the rights and obligations of citizenship. In principle, such an order could equally well be constituted at the level of the European Union or remain at the level of its member states. What I doubt is that it is possible to square the circle of competing sovereignties over the long run or that democracy can work outside or across the framework of a sovereign state. So my plea is that those who are seriously devoted to democracy reconsider their devaluation of the state, or at least think harder about how it can be left behind without also undermining democracy.

Those who are seriously devoted to democracy should reconsider their devaluation of the state.

The strong tendency today for many proponents of liberal democracy to turn against the state, despite the long and intimate relationship between liberal democracy and the modern state, is striking. I think the reason behind it lies not only in certain historical developments but in a tension that has always existed at the heart of liberal democracy. Elsewhere I have explored the tension between the liberal and the democratic elements that form the cohesive but unstable compound known as liberal democracy.[7] The liberal or cosmopolitan element, which emphasizes the universal human rights of the individual, fits uneasily with the particularistic demands of self-government and citizenship that constitute its specifically democratic element. In my view, the European Union, especially as understood by the approach that I have been discussing, represents the exaltation of liberal democracy's liberal aspect at the expense of its democratic aspect. The real issue is whether liberalism can flourish — or even survive — if it is not anchored in the framework of a democratic state. Can liberalism, as it were, outgrow the state and sustain itself within a transnational or cosmopolitan order?

The most perceptive account of the historical and philosophical dialectic involving democracy and the nation-state has been presented by the French political philosopher Pierre Manent. He has explored this subject in several

[7]Marc F. Plattner, "Globalization and Self-Government," *Journal of Democracy* (July 2002); "From Liberalism to Liberal Democracy," *Journal of Democracy* (July 1999); "Liberalism and Democracy," *Foreign Affairs* (March-April 1998).

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recent writings, but I cite here a passage from his essay "Democracy Without Nations?" which appeared in English translation in the *Journal of Democracy* (April 1997): "One might say that the democratic principle, after having used the nation as an instrument or vehicle, abandons it by the wayside. This would not be worrisome if a new vehicle were available or clearly under construction. This new *political* form, however, is nowhere in sight."[8] I emphasize the word *political* because Manent is of course aware that many see the European Union as just such a vehicle. His contention, however, is that "Europe refuses to define itself politically," preferring to see itself in cultural or civilizational terms — or, at any rate, refusing to constitute itself as a state.

Why, according to Manent, does the democratic principle (which holds that human beings are by nature free and equal and that all political legitmacy must be rooted in their consent) abandon or even turn against the state? He links this development to the fact that the boundaries or limits of the particular political unit embodied in the state cannot themselves be justified democratically. All existing states owe their boundaries to historical contingencies — especially to the outcome of wars — that are wholly arbitrary from a strictly democratic perspective. The democratic principle of popular sovereignty or self-determination fails to provide any basis for deciding how to define the people that is sovereign or the collective self that is to determine its own fate. Thus, the distinction between the citizen and the outsider can appear ultimately arbitrary and even unjust. From a cosmopolitan perspective it seems to be one more example of "discrimination," or of using an artificial distinction to justify treating some people differently from others.

A distinction between the citizen and the outsider can appear ultimately arbitrary and even unjust.

Thus, the democratic principle of human freedom and equality can be turned against the state in the name of the individual and of the common humanity that he shares with citizens and noncitizens alike. Once the democratic principle is pushed to the point where it breaks down the framework of the nation-state, Manent argues, it in effect turns against political life as such. That is, it calls into question the possibility of any self-governing community.

Political life requires that the political community be sovereign, that it establish the laws under which other human associations or communities

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[8]See also Pierre Manent, *Cours familier de philosophie politique* (Paris: Fayard, 2001), especially Chapters 4-7 and 18; and "Les problèmes actuels de la démocratie," *Commentaire* (2002).

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operate. It is the public sphere that ultimately determines the boundaries of the private sphere, however capacious those boundaries may be. And the public sphere can exist only if people become fellow citizens, if they agree to be governed by the decisions made through a legitimate political process, even when these decisions may require that they part with their property or risk their lives. As Manent emphasizes, to have a political order people must be willing to "put things in common," to become part of a community that in important respects must set itself off from those who are not members. Only in that way can it govern itself.

Citizens and the other

THE MOST REVEALING account that I have found of the principled and moral refusal to "put things in common" in a political fashion is provided by J.H.H. Weiler in the essay cited above. Not coincidentally, that essay concludes by explicitly casting doubt on the value of democracy. For Weiler, Europe's non-state constitutional federalism "represents . . . its deepest set of values," rooted in what he calls the Principle of Constitutional Tolerance. This principle rejects not just nationalism but even the idea of "constitutional patriotism," of an ethos that "implicitly celebrates a supposed unique moral identity, the wisdom, and yes, the superiority of the authors of the constitution, the people, the constitutional *demos*." Weiler denies that democracy should be regarded as a goal of the EU. The goal, instead, "is to try, and try again, to live a life of decency, to honour our creation in the image of God, or the secular equivalent." And "in the realm of the social, in the public square, the relationship to the alien is at the core of such decency." Nothing is "normatively more important to the human condition and to our multicultural societies."

How, then, should we deal with the alien? Weiler describes two strategies. The first, which involves inviting the alien to become one of us, e.g., by making him a fellow citizen, is rejected because "it risks robbing him of his identity." It is thus "a form of dangerous internal and external intolerance." Instead, Weiler argues in favor of a strategy that maintains boundaries and respects difference, but in which "one is commanded to reach over the boundary and accept [the alien], in his alienship, as oneself." This points to the "deeper spiritual meaning" of Europe's non-statist constitutional architecture. It calls upon Europeans to bond not with fellow citizens but precisely with *others*. It asks them to "compromise" their "self-determination" in the name of tolerance. It calls for voluntary subordination to the decisions of others, "which constitutes an act of true liberty and emancipation from collective self-arrogance and constitutional fetishism." In sum, Weiler attacks the moral basis of the constitutional democratic state, in which people become fellow citizens by "putting things in common," in favor of the allegedly more elevated principle of respecting what is alien.

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Weiler's essay is one of the most brilliant things I have read about the European Union, but, as is no doubt apparent, I believe it is profoundly misguided, both morally and practically. Central to Weiler's discussion is his invocation of the fact that "Europe was built on the ashes of World War II, which witnessed the most horrific alienation of those thought of as aliens; an alienation which became annihilation." But what is the proper lesson to be drawn from the Holocaust? Is it that the constitutional democratic state is inadequate, or is it that the worst evils come from the failure to establish and consolidate constitutional democratic states? To me, it seems obvious that the correct lesson is the latter. Certainly, I know that if neo-Nazis or other alien-haters were to target me, I would vastly prefer to entrust my rights and my fate to the protections offered by a constitutional democratic state that combines law with force than to a transnational architecture of any sort.

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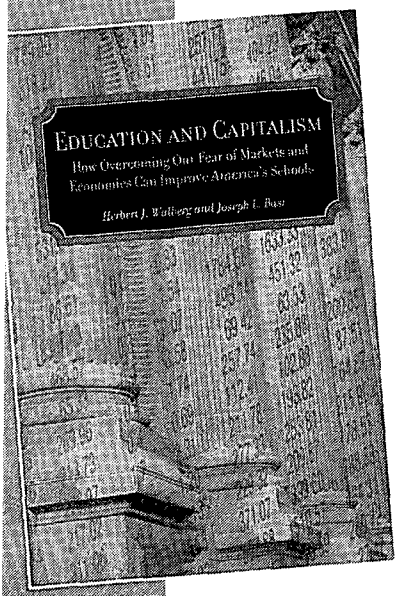
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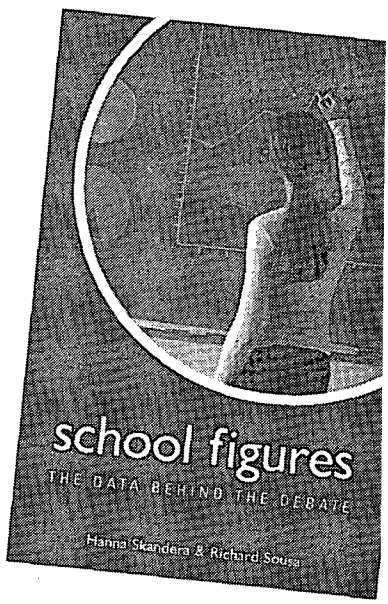

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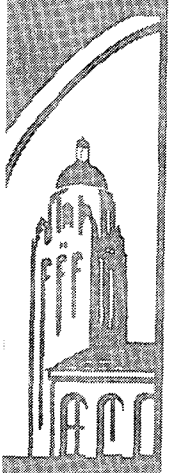

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Keeping the Information Edge

By KEVIN O'CONNELL AND ROBERT R. TOMES

Where is the knowledge we have lost in information?
— *T. S. Eliot*

MULTIFACETED DISCUSSIONS about "America's information edge" transpired throughout the 1990s. In a significant article by that name in *Foreign Affairs* (March-April 1996), Joseph S. Nye and William A. Owens captured the essence and underlying importance of the idea:

> The one country that can best lead the information revolution will be more powerful than any other. For the foreseeable future, that country is the United States. America has apparent strength in military power and economic production. Yet its more subtle comparative advantage is its

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ability to collect, process, act upon, and disseminate information, an edge that will almost certainly grow over the next decade.

In defense policy, the 1990s information-edge thesis appeared in different guises. Concepts such as information superiority, dominant battlespace knowledge, and decision superiority emerged as key elements of joint doctrine. National security strategy discussions focused on national information highways and critical infrastructure protection — key components of sustaining information-edge capabilities. In the most significant intelligence organizational reform of the decade, the National Imagery and Mapping Agency (NIMA) was founded with the mission of "guaranteeing the information edge." By the end of the decade, the Department of Defense, the Central Intelligence Agency, and other national security agencies presented strategic plans aiming to sustain and expand America's information edge while planning for increased volumes of information gathered from an increasingly diverse range of sources.

Our adversaries, meanwhile, moved to create and exploit their own information advantages. Al Qaeda, for example, developed a global intelligence capability, adapted the latest commercial information technology for their purposes, and exploited seams in our security defenses (witness the group's sophisticated use of stenography within the World Wide Web to communicate with operatives). Discussion of these seams now dominates national security reform debates. For us, the post-September 11 talk about intelligence transformation begged the question, *Quo vadis, America's information edge?*

Despite advances in information technology and knowledge management within the most visible area of national security — the military — America's overall commitment to preserving its information edge across the larger security bureaucracy, pace Nye and Owens, foundered during the 1990s. To be sure, the situation is improving. Great strides in information sharing are being made. Pockets of innovation do exist. Additional funds are now available to correct nearly a decade of resource shortfalls. Yet we contend that despite significant initiatives to transform, government-wide information-sharing innovations and intelligence-integration initiatives are evolving too slowly.

Framing the coming intelligence debate

We believe that the coming year will witness an unparalleled national debate over the future of American intelligence. Attention at the official level will be necessary to effect change, but by itself it is insufficient. What will also be needed is a reasoned public debate about the purposes and dynamics of U.S. intelligence.

The debate will address a number of issues, though intelligence sharing

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and cross-agency integration will remain at the forefront. The intelligence-sharing issue has been a favorite topic within American security planning since the summer of 2002. So too have subsequent efforts to discover who had information and intelligence about the September 11 terrorist attacks and what, if anything, would have been different had all information been shared among U.S. intelligence and law enforcement agencies. The joint congressional inquiry into the intelligence context of 9-11 provides a number of points for consideration. The inquiry's report decried a failure to capitalize on the "individual and collective significance" of information relevant to the attacks. Other findings faulted details across the intelligence spectrum of collection, analysis, use of technology, and information-sharing policies.

The coming intelligence debate will address more recent issues as well. The flap over the state of Iraqi weapons of mass destruction, charges that the intelligence cycle is being politicized, and a perceived lack of innovation in the integration of diverse intelligence sources are likely to amplify arguments over intelligence modernization — the backbone of our information edge. Intelligence will also figure prominently in the assessment of coalition responses to the escalating Iraqi insurgency.

Policymakers should be asking what resources leaders and the public at large are willing to commit.

All of these are appropriate considerations for an intelligence transformation debate, but they are not necessarily useful for organizing action. We believe that the appropriate research question for the policy community is not who in the U.S. government — intelligence agency, law enforcement entity, or other — failed to react to specific information about the individuals associated with the September 11 attacks. (Similar questions about the quality of intelligence preceding Operation Iraqi Freedom will not focus our attention on the right issues, either.) Rather, policymakers should be asking what levels of political, financial, and intellectual resources leaders and the public at large are willing to commit — and whether that commitment will last.

Staying power is critical. So too is putting in place a transformation program that is rooted in a culture of innovation — guided by an architect with clear strategic objectives — and that addresses organizational and operational improvement, not just technology. Setting a course for fundamental change also means taking what management theorists call "a long view." The reforms that focused defense policy on information and knowledge occurred over decades; only now are they being reflected in strategy, doctrine, and acquisition.

In fact, antecedents for the much-ballyhooed Revolution in Military Affairs (RMA) first emerged in the mid-1970s — making it at least a three-decades-long journey to today's proclamation of a "new American way of

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war." Current defense transformation initiatives look beyond the 2020 time frame.

Without an intense focus by the leadership — and perhaps by the public at large — it will take at least that long to realize the full potential of any radical or significant overhaul of analytical methods, information sharing, and knowledge-management capabilities. But, just as some defense transformation must occur in the near term to sustain our military advantage in light of new threats and operational realities, intelligence transformation must pursue a mix of near-, mid-, and long-term initiatives.

Allegations that intelligence community and domestic law enforcement officials failed to share crucial information created the political impetus for bold action, which the Bush administration took by creating a cabinet-level Department of Homeland Security (DHS). More recently, the president instructed the director of central intelligence (DCI), the director of the FBI, the attorney general, and the secretaries of homeland security and defense to form a Terrorist Threat Integration Center (TTIC) under the leadership of the DCI. An undersecretary of defense for intelligence was appointed to coordinate the wide and varied activities of Defense Department intelligence.

The pursuit of information and decision superiority underscores military innovation.

Despite our view that we are moving too slowly toward meaningful intelligence integration and information sharing, these changes suggest that the intelligence transformation debate will in some ways be about what to do *next*. Because of these developments, the fear of change and reluctance to create new relationships may be less significant problems.

Clearly, considerable changes have occurred. Our concern is ensuring that form follows function at the level of policy, in the development of new analytic capabilities, and in the development of community incentives to adopt new ways of doing business. An argument similar to the 1990s information-edge discussion in defense policy recurs among "change" recommendations: The pursuit of information and decision superiority underscores military innovation. Concerning the technological enablers of sharing, many argue for situational awareness and visualization tools similar to those used by military intelligence analysts to integrate diverse sources. Form and function should reflect the current integration imperative, which means that behavior must match the current rhetoric of horizontal integration.

An opportunity exists to use the creation of DHS as a first step toward better alignment of the funding, management, and coordination of intelligence. Advertised as the largest reorganization in American government since the 1947 National Security Act (which created the Department of Defense and the Central Intelligence Agency), the Department of Homeland Security will take efficient information sharing, effective knowledge manage-

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ment, and leadership of interagency coordination as the benchmarks of its success. The department cannot function without substantial analytical resources to correlate intelligence from national intelligence agencies, field reports from law enforcement, and internal information about people and material entering the United States. The Terrorist Threat Integration Center performs some of this function, but its explicit relationship to DHS is not yet fully elaborated or understood.

In any case, the sine qua non of creating real homeland security measures is expanding and sustaining the information edge. Updating the lexicon, this means a sustained knowledge edge through integrated source management: processing, disseminating, and exploiting information in time to preempt adversaries and prevent crises. This requires embracing a new attitude within the U.S. government — and, at some level, in society as a whole — about more active information sharing across federal and domestic agencies along with a willingness to pursue intelligence-related changes and innovations in the executive and legislative branches. Beyond DHS and TTIC, it is difficult to imagine doing this without meaningful intelligence reform, which in turn involves policy, security, and organizational innovation at many levels.

The anticipated intelligence reform debate cannot be limited to getting domestic and national intelligence agencies merely to share information or post data others can access. Anyone who regards this as the core issue has mistaken the tree for the forest. An overhaul of how intelligence and information are created, gathered, and shared throughout the national security enterprise is needed. Although recent discussions have focused on domestic information sharing, this issue also concerns relationships with allies and security partners that are historically dependent on American intelligence to supplement their more austere intelligence activities. When American information and knowledge entities fail internally to correlate and act upon collected or reported data, the negative effects cascade through information networks both inside *and outside* the Untied States. This has the potential to negatively influence those who share with us, jeopardizing a relatively small but nonetheless critical source of information our human sources are often unable to ferret out.

Organizational politics and parochial quibbling aside, innovations in intelligence analysis and sharing must be central to rethinking how we sustain our comparative advantage.

Rethinking the information component

"SINCE THE MASS of information available tends to exceed the capacity to evaluate it," Henry Kissinger writes in his *Does America Need a Foreign Policy?* (Simon & Schuster, 2001), "a gap has opened up between information and knowledge and, even beyond that, between knowledge and wisdom." Fortunately, there are signs of

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improvement. The Bush administration's national security strategy and defense planning documents have restored intelligence to the core of national security policymaking. Some officials suggest the need for intelligence readiness assessments similar to those used in defense planning. Intelligence, traditionally viewed as a supporting function, is now considered a co-equal element of national power. Many are pushing for intelligence capabilities that enable proactive policy decisions to shape the threat environment. This is a dramatic shift for those who considered intelligence a mere tool (rather than a source of power) for understanding what our adversaries did in the recent past (rather than what they will do in the near future).

Advancing the rethinking of national intelligence requires adapting security controls and policies that have governed the protection of intelligence sources and methods for decades. In essence, a rigid "need to know" regime — by definition a restrictive concept more suited to the Cold War — loses its utility in a world where police officers, coast guard captains, and emergency rooms must all remain in the loop. Put another way, the underlying logic of information compartments loses its appeal in an era where much is uncertain, where we grapple with mysteries rather than collect the pieces of a known puzzle, and where we want human abstraction and cognitive capabilities to intuit otherwise hidden relationships. The new imperative is a need to share. This requires unprecedented revisions of policies and procedures. It requires a cultural change for those intelligence professionals who cut their teeth in the current system.

Sadly, the post-Cold War peace dividend in intelligence never came.

This is not to say that sources and methods are no longer important. Indeed, they must be protected to preserve our information edge. Achieving the requisite levels of sharing while continuing to protect sources and methods may require complex technological solutions. Nonetheless, ease of access must prevail.

Rethinking intelligence requires some understanding of how we got here. During the 1990s, the intelligence community warned of an increasingly diverse and complex range of new security threats at home and abroad. Despite widespread agreement that global security challenges were overwhelming intelligence agencies, the security arms of the U.S. government were not given the proper direction or incentives to fully adapt from Cold War organizational cultures, processes, and business models.

The 1990s witnessed movements to reinvent and reengineer government; initiatives to enhance accountability through performance results; and, in the defense sector, plans to modernize, revolutionize, and finally transform the military. Sadly, the post-Cold War peace dividend in intelligence never came, and the context for a reform of intelligence activities was never ripe in the 1990s politically, financially, or intellectually. Many tried and failed.

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Intelligence agencies suffered through budget cuts and personnel reductions. The CIA was forced to close a significant number of its overseas missions — many in areas critical to the war on terrorism today. Agencies delayed modernization to satisfy immediate intelligence requirements as the global security environment became more complex and, by some accounts, more dangerous in terms of unpredictable or "wildcard" threats.

Paradoxically, in moving to be more responsive to decision makers' daily needs, intelligence was in danger of being perceived as a news or current affairs center — one that could not compete with CNN. This was never an honest comparison or a worthy analogy. Intelligence agencies were not treated as a set of professional networks able synergistically to understand adversaries and provide relevant insight. And what is intelligence, to paraphrase Allen Dulles, if not the craft of outthinking our adversaries?

Intelligence was in danger of being perceived as a news or current affairs center.

Thankfully, the craft of intelligence has once again become highly valued. Recruitment is up, intelligence is treated more favorably in the media and the entertainment industries, and bipartisan support once again is voiced for analysts. Some reports indicate that the CIA is back at the top of the list for college graduates asked where they would like to begin their careers.

Gone from current discussions is the tired argument about the value of open-source as opposed to secret intelligence. An explosion in open-source information in the 1990s led some to question the comparative efficacy of existing intelligence sources and to champion alternatives, restating anew the old question about whether the business of post-Cold War intelligence is primarily about collecting secrets or the better use of available open-source information. Of course, as most intelligence professionals will argue, it involves both.

Pushing for open-source solutions created another debate that was politicized by those with an agenda to shrink the intelligence agencies. Unfortunately, new requirements for open networks and additional open-source analytic expertise were not matched with additional funding. New requirements were funded from modernization and community integration accounts. Exacerbating discussions of intelligence reform were a series of intelligence miscues in places like India and Iraq. They reinforced leadership concerns about giving the U.S. intelligence community more money. Would additional funds be spent to reinforce deficiencies or to correct them? In this environment, arguments that open sources could serve policy more efficiently gained credence beyond their merits.

A related problem concerned resource alignment. Unlike the current division of labor between the Joint Chiefs of Staff, the Office of the Secretary of Defense, the military services, and the combatant commands, U.S. intelli-

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gence agencies have both operational and acquisition missions. Even within the same agencies, this often leads to unhealthy competition for leadership attention between current operations and modernization, and potentially to inefficient resource allocations in the face of successive crises. In the fray of day-to-day intelligence support, it is often longer-term analysis and research and development on new sources of intelligence that suffers. During the 1990s, as intelligence consumers multiplied, human intelligence, signals intelligence, and imagery intelligence organizations experienced further deficits in their accounts for recapitalization and investment in new information-sharing networks. The diffusion of innovative analytic tools and the proliferation of collaborative environments suffered.

Moreover, instead of realigning agencies to meet tough challenges, too often the preferred solution was to create extra-organizational centers of excellence (e.g., the Counter Terrorism Center). This further complicated resource allocation and distracted leaders from modernizing the core structures of their agencies. At the same time, it proved our argument: Information-sharing challenges required the creation of new organizations that were free of the impediments to sharing in the existing agencies. We recognized seams in our own national security information apparatus but addressed only the symptoms — patching some seams without fixing the underlying problem.

For over a decade, some 300 recommendations were made on the direction and management of U.S. intelligence, yet significant reform proposals lacked leadership focus and bipartisan support, especially in light of the pace of current operations. Subsequently, the solution to the intelligence community's information analysis and sharing problems was often to increase oversight and micromanagement from Congress or the executive branch. While understandable in hindsight, this paucity of actual intelligence reform was — and remains — at odds with the continuing need for timely, accurate, complete, and relevant information and knowledge throughout every aspect of national security.

Adaptations in thinking

Accounts of post-September 11 intelligence successes point to an ability to adapt in times of crisis. Operations against adversaries like al Qaeda and proven capabilities to locate, target, and capture or kill fleeing al Qaeda members reflect a traditional, highly technical, and sophisticated American approach to communications, wartime intelligence gathering, and the application of information technology to solve military challenges. Significant innovations in analytic methods and important integration activities surely prevented further attacks on the United States. Our intelligence analysts are taking care of business.

How they are doing their business is another issue. We tend not to adapt

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our processes and techniques to new challenges as much as surge ahead with them. That is, we move analysts and technical capabilities to the new crises to do more of what we did in the last crisis. We add more analysts and collect more data on the problem at hand. But step-level increases in collection and adding more analysts to the same processes are not viable long-term answers.

Rethinking U.S. intelligence is not an argument for simply increasing the pace, scope, and breadth of information collection. Volume is not the problem. Some 50 years on, U.S. intelligence remains overwhelmingly collection-centric. Some additional collection *is* needed — but in focused areas and shared in ways that promote synergy among agencies. For example, domestic agencies should identify intelligence gaps and coordinate global collection plans to fill them. Collection that remains unexploited — lacking analysis and contextual consideration — may be as useless as no collection at all.

Rethinking intelligence is not simply increasing the pace and breadth of information collection.

We believe that many within the intelligence community now recognize this point and are considering solutions. Many are discovering that information management, including optimal management of technical sources, has failed to keep pace with growing requirements for information processing, analysis, correlation, and dissemination across intelligence disciplines. We need to transform our mission management (optimize tasking) and management of analysts (work flows).

Some of this is already happening in homeland security. An underlying criticism of current internal U.S. government information networks involves the traditional American bifurcation of security affairs into national and international, a lingering proclivity to view national security as something that begins and ends at the border. This is largely due to political concerns and legal restrictions now under review for revision. The 9-11 attacks and the ensuing war on terrorism only reinforced arguments for the organizational and procedural blurring of "foreign" and "domestic" categories, which no longer provide a useful framework for organizing defense and security policies. In essence, al Qaeda exploited artificial organizational boundaries that served American citizens well for over 50 years — boundaries designed to protect Americans at home from intrusions on their constitutional rights.

For cultural and historical reasons, it is revolutionary to place domestic intelligence on par with the support that decision makers receive from national foreign intelligence agencies like the CIA. But as the current NIMA director, Lieutenant General (Ret.) James Clapper, notes about NIMA's capabilities to leverage satellite imagery and geospatial intelligence, "enormous advances in homeland security are possible by simply overlaying NIMA's

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current analytic and planning capabilities onto homeland security missions." It is time to bring our technological and analytic superiority home, where prudence suggests it should always have been. The technical capability for this change has long existed. It is time to remove the barriers preventing it, including the creation of new and more efficient oversight methods that are consistent with America's democratic values. While this may seem radical, we believe that it is one of the easier steps that can and should be undertaken.

Clearly, the legal and political boundaries for U.S. intelligence have to be reconsidered not only by our political leaders, but also by the public at large. Note that this is not an argument for giving free rein to criminal investigators whenever they encounter cases, crimes, or actors with alleged ties to suspected terrorists or terrorist groups. Implicit in our elaboration of the information-edge thesis is a steadfast fidelity to American core values regarding the rights of citizens and an unwavering commitment to civil liberties, including the fair treatment of noncitizens legally in the United States. One of the most important benefits of a domestic information-edge focus is the potential to dampen the negative effects of revamped policies and processes on noncitizens, the overwhelming majority of whom are attempting to follow in the footsteps of previous generations of immigrants toward the American dream.

Another reason to encourage further changes in intelligence support to homeland security is the possibility that doing so will engender a debate and political context conducive to overcoming traditional impediments to reform.

On U.S. intelligence reform

SUSTAINING AMERICA'S information edge requires fewer hierarchical approaches to information and knowledge services. Ultimately, reform is not about intelligence in the classic sense of intelligence cycles and consumer-producer relationships. It is about information and knowledge, wisdom and foresight, agility and flexibility, leadership and vision. Unlike most corporate knowledge management approaches, and contrary to digital-age business models, until the late 1990s most end-to-end intelligence processes remained wedded to an artificial, Newtonian machine-parts perspective more appropriate for the nineteenth century than the current one.

Consider the prevailing views of the intelligence cycle. Experts have long recognized that the classic depiction of the cycle — requirements or tasking, collection, processing, analysis, dissemination — promotes too linear an approach to getting information to decision makers. And this cycle continues to exist for each discipline. At present, government "stovepipes" continue to define how information agencies (e.g., intelligence agencies) manage

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their respective domains, including day-to-day operations and acquisition processes. The recent transition from a central imagery tasking office, an activity managed by NIMA, to a broadened source management activity — as well as the new analytic fusion initiatives between NIMA and the National Security Agency (NSA) — represent an important move away from stovepipes.

Yet for situations like Afghanistan, Indonesia, Iraq, and Yemen — and ongoing problems like countering nuclear proliferation — the most compelling intelligence comes from small collaborative efforts between analysts from across the intelligence disciplines that engage in all-source analysis *and* have multi-INT capabilities, which are not necessarily the same thing. Whereas all-source analysts have the ability and expertise to leverage information from any intelligence discipline or source (something that is done in practice by analysts in numerous agencies), multi-INT analysis involves leveraging the frequently untapped characteristics of raw data from technical collectors within the all-source environment. Examples of this would be the synergistic overlay of imagery and signals intelligence atop detailed terrain and feature maps, the ability to combine tradecrafts for new types of interpretation and exploitation, a multidisciplinary analysis capability based on geographic referencing of disparate data sources, and new ways of structuring decision making that use hypothesis-driven methods to predict future courses of action.

The most prominent public discussions about intelligence have centered on stale issues.

American defense and intelligence planning evolved during the 1990s under the assumptions that faster is better, that existing processes and structures were capable of meeting new challenges, and that America's comparative intelligence advantage was unsurpassed. For the most part, this thinking led to mere incremental improvements in intelligence.

The contextual threads for intelligence described above — a more complex security environment, an increased number of intelligence consumers with temporally demanding needs, and a political context of relative inattention — meant that every time a U.S. national security crisis sprung forth, numerous reform proposals were tabled but few were implemented. Yet even when they were implemented, the reforms generally yielded minor qualitative improvements in capabilities. While patience is often a virtue when arrived at deliberately for strategic reasons, delay and indecision about reforming American intelligence were based on bureaucratic inertia and a reluctance to accept risk (political, technical, or another sort).

Since September 11, the most prominent public discussions about intelligence have centered on stale intelligence issues like the need for spies over

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technical intelligence and how to reorganize the boxes above and around the DCI and the secretary of defense. Why is this happening? In part, organizational self-interest continues to restrict the realm of possibility concerning reorganization. But rather than focusing on rearranging the boxes — overly risky in a time of war and uncertain in light of our complex security landscape — we should focus on helping agencies work and share information better.

Defense and intelligence community efforts to quicken the pace and expand the scope of so-called horizontal integration efforts are a positive development. These efforts must overcome a variety of long-standing impediments to integration.

New developments remain limited by our rigid divisions of intelligence disciplines.

First, development of new methods for collaboration and expanding insight across government remain limited by our rigid divisions of intelligence disciplines (e.g., human intelligence, imagery intelligence, signals intelligence) and by legal and security impediments to information exchange. Differences between human intelligence and technical intelligence *sources* are often confused with different analytic and cognitive approaches to intelligence production and estimate writing. The sheer volume of information collected means that, in the filtering and sorting of information required just to begin analysis, we may be losing vital information. Filtering and sorting is not intelligence. Neither is the current penchant to talk of a new "process, post, and use" information cycle that further obscures the heart of intelligence: analysis.

Intelligence must be a more holistic enterprise. Efficiency should not be held up as the overarching goal at the expense of better understanding. Supporters of human intelligence, for example, often falsely associate human intelligence with some mythical or spiritual capability to understand cultures or adversary intent. In doing so, they frame their own reform ideas in terms of cost-benefit tradeoffs between human and other sources. This is wrongheaded. It also reflects the defensive posture of human intelligence enthusiasts lamenting past cuts in human intelligence programs. Of course we need better human sources, with all of the infrastructure and support this entails. But America also needs clandestine services that have overwhelming technological capabilities for covert surveillance, data transmission, and agent protection.

Second, where one sits with regard to intelligence continues to determine where one stands on reform issues. In information and intelligence, 10 years after the fall of the Soviet Union, we have not yet torn down our own walls. In spring 2002, some observers commented that the electronic communication from an FBI field office in Phoenix to FBI headquarters describing the activities of foreign nationals enrolled in flight schools did not constitute

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"intelligence." The case illustrates what has become an endemic problem and exposes its deep historical roots. This problem extends into the agencies as well.

A third reason for the lack of tangible intelligence reform stems from unwillingness among middle and senior managers to aggressively support innovation — a syndrome perpetuated by scarce resources, dwindling tolerance of risk, and meager entrepreneurial activism at senior levels. We see these as negative externalities of the 1990s cutbacks in funding and work force reductions. Reform enthusiasts remain disappointed and aloof after 10 years of supporting what many see as a largely useless "reinventing government" fervor. For them, much political capital was depleted while little change was accomplished (and some careers were ruined).

A fourth impediment concerns the pathos of "studying without action." Most pressing intelligence issues have been studied and debated ad nauseam. By the end of the 1990s agencies found themselves beleaguered by a seemingly endless assault of commissions and studies on intelligence reform, all of which drained extensive resources but resulted in very limited change. Despite numerous reports and recommendations on the subject, for example, it remains painfully difficult to implement information system reforms because of complicated and divergent security regimes.

Today, too many structural barriers and intellectual boundaries exist.

Another obstacle to intelligence community reform is the existing planning and budgeting system. Despite attempts to integrate processes in both the executive and legislative branches, intelligence-planning processes are essentially formalized systems to tend fiscal rice bowls. This is a far cry from the days in which a few senior leaders from both branches were involved in planning and budgeting, with the lion's share of the technical and programmatic integration done by the people actually responsible for conceiving, creating, and using intelligence systems. Some call this the era of "heroic leadership," where a handful of scientists and program managers could, for example, build and oversee the launch of entire satellite systems with minimal political interference.

Today, too many structural barriers and intellectual boundaries exist, including ingrained expectations about procedures and oversight mechanisms. Technical systems are no longer conceived and built in an environment structured to sustain an innovative spirit; rather, they emerge from a consensus-based process designed to satisfy as many standardized engineering requirements as possible. Planning occurs from the top down. One official lamented that Congress has become the systems integrator for the U.S. intelligence community. Systems integration, which should derive from technological best practices, has become a political and actuarial process that

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values integration *within* agencies at the expense of integration *across* agencies. As we argue here, this contradicts the direction in which American intelligence should be headed.

As stated above, form should follow function — not vice versa. Compartmentalize the planning and funding of information and knowledge sharing and you will reinforce compartmentalization practices. Although difficult to implement, a more effective means of making oversight and other planning activities an *enabler* rather than an obstacle to knowledge creation and sharing would be to redesign the entire intelligence enterprise from the consumer's level. Doing so presumably would allow the pantheon of U.S. information and knowledge agencies to self-organize and adapt to the environment more freely, allowing our internal organizations and structures to reflect the complex and adaptive aspects of the world and its ever-changing reality. If form follows function, then perhaps the best place to begin thinking about reform is with a true national intelligence strategy that spans national, domestic, and military domains.

A final point concerns the tendency for intelligence "change" discussions to become stuck on marginal issues. Too much is riding on our ability to rethink sharing and collaboration for decisions to be delayed by debate on the margins of large issues, detracting from attention to core intelligence problems.

Outsmarting the adversary

Nye and Owens were right. America's information edge *is* its ability to collect, process, act upon, and disseminate information: the ultimate comparative advantage in the digital information age. What they addressed only in passing is the extent to which others would benefit from the information age, making discontinuous advances in information collection and processing and developing asymmetric capabilities designed to thwart America's strengths.

An overwhelming source of advantage for American power — information — has value only when it creates knowledge, is used in specific decision-making situations to achieve a comparative advantage, and is provided early enough to influence outcomes (e.g., negotiation or war). What was known historically as "operating inside the enemy's decision loop" means that information needs must be serviced faster and better before an adversary has the information necessary to implement his asymmetric plans.

Historically, what the United States seeks to know before acting militarily or making a policy decision is comparatively much more complicated than what its adversaries require. America's global reach and the political context for our overseas involvement are among the first reasons for this; our relentless pursuit of precision in warfare is yet another. America's political processes, image abroad, and military doctrines are information-intensive. There are

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sound political and operational reasons why the United States tends to require more abundant, timely, accurate, and precise information than our adversaries do. Because information must be gleaned from databases and knowledge sets that are global in nature, and because American institutions increasingly reward precision, seeking accuracy over timeliness and initiative, adversaries enjoy a structural advantage in situations characterized by dueling information edges.

The evolution of American intelligence agencies during the Cold War proceeded apace with relations between Washington and Moscow and was organized in terms of the East-West polarization of international affairs. For most nations, intelligence-sharing activities at home and abroad unfolded within this framework, which scripted a narrow slate of intelligence requirements. This was true for the U.S. intelligence community as well as other national intelligence services. For example, the Israelis focused on Middle Eastern countries and their relationship with the Soviet Union and, perhaps of equal importance, on developments in Washington that affected the regional balance of power.

Adversaries also draw on globally available information.

Today, global intelligence agencies operate within a much less structured framework, which effectively limits the ability of agencies to organize activities around a known set of security challenges with specific collection targets. Flexibility and adaptation are key. Concurrently, the diffusion of information technology and increased awareness of historical U.S. intelligence practices have increased the ability of adversaries to protect information or to deceive U.S. intelligence agencies outright.

Adversaries also draw on globally available information. Much of the electronic data that al Qaeda acquired prior to the September 11 attacks, for example, came from websites; individuals performing their own surveillance verified some of this information. Beyond internet-based sources of analysis about foreign military and security developments, new technical sources of information — GPS navigational data, commercial space imagery — are also available to anyone who has an interest and a modest budget. Coupled with instantaneous communication through cell phones, instant messaging, email, and other sources, foreign governments and nongovernmental actors can be part of a "virtual" surveillance team, military action group, or terrorist cell.

In essence, the information age may have spawned a new intelligence age, an age characterized by a footrace to provide information to support U.S. national security decision making better than an adversary can obtain his own. Ostensibly, the United States is running a series of footraces against multiple adversaries, including nation-states as well as terrorists, all focused on defeating American intelligence activities in the context of their own

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strategies and security activities.

Often overlooked is the advantage afforded to others from commercially available information and information technology with relatively little security. Here, adversaries draw on two aspects of the footrace. First, the information age provides unprecedented access to data and analysis of relevance to security policy. Second, the comparative benefit such access brings is, for adversaries, multiplied by lower accuracy and precision thresholds for operations. While we might want to limit the impact of a strike to a particular location in a building, there is nothing that prevents an adversary from just wanting to destroy the neighborhood. In other words, where we require precision for political and operational reasons, they do not. This asymmetry is evident in Iraq, where insurgency tactics and the use of fear are being used strategically to undermine the coalition's stability initiatives.

Where we require precision for political and operational reasons, our adversaries do not.

This vulnerability does not justify censorship or control of these kinds of information, nor should it prompt a longing for the more information-limited period of the past. We are in a period of increased transparency in security affairs, one that should drive wholly new concepts of diplomacy, military operations, and intelligence, including the reforms discussed heretofore. Rather than thinking about control as the operating paradigm — keeping digits buttoned up is a near-futile endeavor — U.S. intelligence agencies must reach beyond simply moving faster and more efficiently; they must become qualitatively more effective in collecting, processing, disseminating, and acting upon information. In other words, in a rapidly changing information market, U.S. intelligence innovations must drive toward increasingly specific and specialized forms of information.

During the Cold War, there was an understanding of how war might occur and how each side would fight. Even if conflict occurred, a set of rules moderated behavior. A specter of nuclear war hung over us, and extraordinary measures evolved to prevent it. Consequently, even lower levels of conflict and regional crises remained within commonly understood rules. Wars involving suicide bombings, unconventional attacks on civilian populations, and economic terrorism were generally precluded by these rules or at least constrained from upsetting regional politics. Now, however, whatever advantages are currently enjoyed by the United States in terms of conventional forces (including manpower, weaponry, and mobility), American notions of limiting firepower and damage to the absolute minimum for political and moral purposes do not deter an adversary bent on blowing up an entire city, shopping mall, or neighborhood.

As doctrine for the war on terrorism evolves, American and allied infor-

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mation and intelligence support must change dramatically, requiring at the very least a new infostructure linking the spectrum of diplomatic, military, law enforcement, and other operations that sustains America's information edge in areas where asymmetrical information footraces are developing. If the United States is to win — or even stay relevant — in the intelligence footrace, it must approach information in a way that is radically different from its approach in the past. The intelligence community does seem to be moving in this direction.

Honing America's information edge

INTELLIGENCE REFORM AND the importance of improving U.S. intelligence are again prominent in the minds of American decision makers, both inside and outside the intelligence community. The joint congressional inquiry on the intelligence surrounding September 11 found both factual and systematic deficiencies that created the conditions for successful attacks on the World Trade Center and the Pentagon. The creation of a DHS national warning system has provided some information related to possible terrorist attacks, but it also has created as much uncertainty as the system was designed to thwart. And threat-related hearings involving the DCI and the FBI director have brought much-needed public attention to the fact that U.S. intelligence must be reformed as quickly and as smartly as possible. Intelligence sharing between federal, state, and local governments, as well as between government and private entities, seems to be the locus of public attention.

Rather than focusing solely on intelligence sharing as the goal of reform, and rather than merely increasing the number of terrorism analysts working within existing organizations, reform efforts should aim at transforming more than intelligence. The objective should be reforming the overall approach to end-to-end information processes, including the intelligence processes that underpin national security decision making. The procedure is straightforward and, initially, incremental. First, identify the information and knowledge needs of intelligence consumers. Then define the resources and processes required to meet them. Next, compare the needs and optimal structure with existing agencies and sharing processes. Finally, make required changes, including doing away with organizations, structures, or policies if need be. Overall, information sharing must be the focus of arguments for reforming national security and homeland security.

While many of the proposals for intelligence reform call for large-scale organizational changes, we believe that more practical solutions lie at a level beneath wholesale deconstruction of U.S. intelligence agencies or the intelligence community. Initiatives need to identify and adapt the tacit and explicit obstacles that prevent the sharing of intelligence and intelligence-relevant information across agencies at various levels. To cite a number of recent

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examples, among the problems associated with old approaches to knowledge management are artificial boundaries in analytic processes (e.g., the CIA holding general warning data while the FBI held data about flight school training); inefficient databases (e.g., INS records on visas); impediments to interoperability (i.e., access to law enforcement data at the federal, state, and local levels); and a failure to sustain innovation across the intelligence community (few revolutionary collection or exploitation capabilities have been funded in the past decade).

While it is true that information technology has enhanced analyst communication and modernized some community interactions, the creation of information infrastructures within and between agencies has not created dynamic sharing relationships — what we have called *info*structures. In other words, while merely improving information pipes between people and agencies is easy — this is the focus of many politically motivated initiatives — it is a far cry from the cultural and procedural changes that will need to take place within and among organizations, especially if we are to deal with the analytic aspects of terrorism-related intelligence, such as dealing with fragmentary and deceptive information. It will also require true leadership. Information does not flow like water. Connecting the pipes merely creates the *potential* to share.

People are the most important factor in honing the information edge.

Organizationally, sustaining America's information edge also requires restructuring and realigning congressional committees to integrate defense and intelligence community funding and acquisition. Congressional streamlining to encourage innovation in information agencies will help create an environment more conducive to substantive change. It requires restructuring the budget and planning processes so that information and knowledge readiness ascend to the very top of the national security agenda. An information and knowledge readiness process is required, one that relates strategic information needs to agency programs intended to meet them. Decision makers in the executive and legislative branches must view the information edge as a readiness category that is coequal to traditional measures of defense preparedness.

People are the most important factor in honing the information edge. The mandated reduction in personnel that crippled intelligence capabilities in the 1990s created a long-term problem. Current policies requiring something similar to the joint service requirements in the military are not enforced, with many agencies seeking waivers. Central to future "joint intelligence" executive training must be information and knowledge management courses that address community information-sharing issues.

Realists understand that openness does not mean indiscriminate, undisciplined information sharing. Without some safeguards we undermine our

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advantage, perhaps leaving us more vulnerable than before. The answer lies somewhere along the spectrum between the current stovepipes, with their inherent knowledge seams, and the point where too much openness creates vulnerabilities.

We believe that the key to success in the global intelligence footrace is a renewed focus on innovation across the intelligence spectrum. In his classic *Bureaucracy: What Government Agencies Do and Why They Do It* (Basic Books, 1989), James Q. Wilson viewed innovations as new programs or technologies that "involve the performance of new tasks or a significant alteration in the way in which existing tasks are performed." We agree with Wilson that real innovations alter core tasks — an extremely difficult undertaking for centralized, insular intelligence organizations that persist more as self-protective guilds than as the complex adaptive organizations required to anticipate and respond to rational, strategic adversaries engaging in asymmetric attacks. These adversaries are rational in that they learn, adapt, and organize based on our defenses; they are strategic because they have long-term objectives and engage in planning to meet them by adjusting to our actions, capabilities, and knowledge about the strategic environment. Managing knowledge to sustain America's information edge is less about infrastructure than leadership, engendering cultural change, encouraging entrepreneurial analysis, and learning to accept risk, whether in operational, informational, or acquisition processes. It requires focus and innovation at every level, with an active public debate about the strategic effectiveness and future direction of U.S. intelligence.

There is a need to nurture and reinvigorate the intelligence community's innovation ethos — to reenergize and focus American ingenuity on emerging intelligence collection, analysis, and dissemination challenges. Doing so, in past eras, has underwritten both our leadership role in international security affairs and our ability to prevent conflicts or terrorist attacks at home and abroad. The global war on terrorism and the broader U.S. national security environment provide a context that is ripe for pursuing innovations across the Department of Defense, the Intelligence Community, and the Department of Homeland Security, a context that must be exploited to drive comparative information advantages against our adversaries. When the time comes, Congress and the administration must expend political capital to champion innovation without over-politicizing or otherwise biasing the process.

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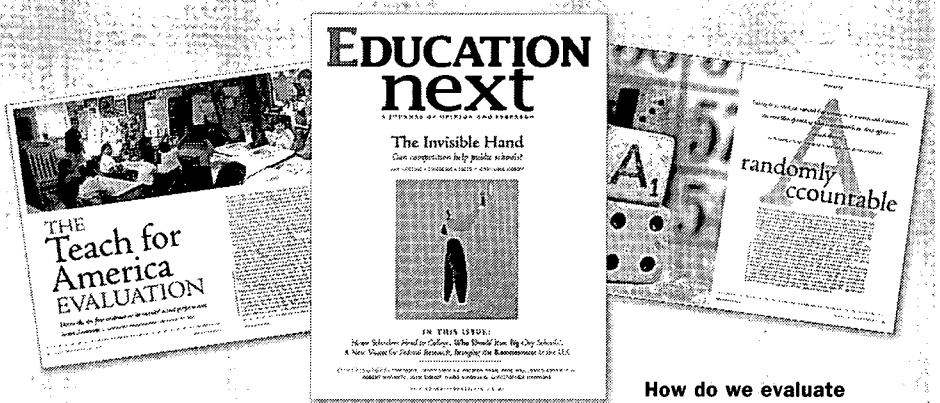

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European Union, Properly Construed

By REGINALD DALE

TRANSATLANTIC RELATIONS are experiencing an uneasy convalescence after one of their worst upheavals since World War II. But fundamental differences between Europe and the United States over the conduct of international affairs have not gone away and are unlikely to do so. At their deepest level, the clashes reflect inevitable tensions between a United States that feels its sole-superpower status gives it a broad entitlement to get its way in world affairs and a uniting Europe that is struggling to become a more influential political and economic actor on the global scene. These tensions are likely to persist under any administration in Washington and regardless of whether European governments are more or less pro-Atlantic.

Broader transatlantic tensions also need to be seen in the light of power struggles within Europe as the European Union enlarges from 15 to 25 members and tries to write itself a first-ever European constitution. These epoch-making events are unsettling traditional power relationships inside Europe and leading to new alignments and alliances of European states. The dominant Franco-German axis is facing its most serious challenge yet as the European Union expands for the first time across the former Iron Curtain, taking in a host of countries that want to maintain stronger links with the United States than do some existing EU members.

Strains in the Atlantic alliance are compounded by an unusually high degree of mutual incomprehension, for which the media on both sides of the ocean must bear a share of the blame. Few Europeans understand the political forces shaping America since the terrorist attacks of September 11, 2001, or the reasoning behind specific policies advanced by the Bush administration. For their part, Bush administration officials do little to hide

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their distaste for many aspects of European integration, of which most Europeans are rightfully proud, and generally fail to understand its dynamics. Above all, today's American leaders too often fall into the fallacy of thinking that efforts to construct a new Europe are all about America when they are really about Europe.

For reasons of enduring common interest, tensions across the Atlantic are unlikely to become so serious as to threaten an irretrievable breakdown. And there is even the possibility of a substantial improvement in relations, provided each side makes a stronger effort to understand the other's positions — and focuses on the strengths of those positions rather than their weaknesses. For Americans, the key test is whether they are willing to come to terms with European integration in general and the European Union in particular.

European integration, then and now

DESPITE THE SIMILARITIES between today's arguments over the details of a proposed new European constitution and the passionate debates between Federalists and anti-Federalists in late eighteenth-century America, few Americans are paying much attention to the details of this momentous step in European integration and Europe's emergence as a weightier international presence. Indeed, even sophisticated and relatively well-informed American opinion has shown little interest in the workings of the European Union, nor has it seen why European integration should be taken seriously other than insofar as it may help or hinder exports of American goods and investment.

Many European opinion leaders rightly regard the European Union's forthcoming enlargement to include 10 new members (eight countries in Central and Eastern Europe, plus Cyprus and Malta) as a truly historic development, signifying the unification of the continent by peaceful means for the first time in history. Washington, on the other hand, is rife with its particular version of euroskepticism. The Bush administration is probably the least supportive of European integration of any administration since the process began in the 1950s — or at least it takes less care to hide its hopes that some aspects of European political integration will fail.

A key reason for this growing hostility is the European Union's increasingly active bid to become not just an international economic power, as it already is, but also an international political power. In the process, some Americans believe — and many in continental Europe hope — that the EU will challenge the United States more strongly for world leadership. Even British Prime Minister Tony Blair, Washington's most loyal ally in Europe, has said that the European Union must become "a superpower" (although "not a superstate").

But while opinion polls show that most Europeans want to see a stronger

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Europe, its shape is still contested and unclear — with intellectual opinion divided as to whether it should be a partner of, or a less friendly "counterweight" to, the United States. Those divisions are complicating the European Union's efforts to exert greater influence in the world. But, despite some American hopes, particularly among conservatives, the move to create a more integrated Europe is anything but on the verge of collapse.

In the early days of European integration, Brussels officials used to compare its progress to an annual ceremonial procession in Echternach, a small town in Luxembourg, in which dancers traditionally advanced by taking three steps forward and two steps back — the so-called Dance of Echternach. That is still the way Europe advances, even though many Americans and Britons are quicker to see the two steps back than the three steps forward.

"The Anglo-Saxons," as the French like to call the Americans and the British, are less visionary by nature and less inclined to see the world in conceptual terms than their continental cousins. Over the past half-century, Britons and Americans have repeatedly underestimated continental commitment to the European ideal and the determination of continental policymakers to press ahead with moves toward the "ever closer union" called for in the founding Treaty of Rome in 1957.

Many "Anglo-Saxons" were surprised, for instance, when the European Union successfully introduced its common currency, the euro, in 1999. Many are again underestimating European determination to endow the enlarged European Union with more integrated foreign and security policies — although Britons are beginning to understand the integrationist implications of the draft EU constitution that is currently under negotiation.

European advocates of further integration are often irritated by America's failure to appreciate the extraordinary scope of European construction now underway. Instead, Americans tend to criticize Europeans for focusing on their own problems in an unhealthily "inward-looking" manner, and Bush administration officials, to the irritation of EU officials, often express a preference for dealing with national capitals rather than the EU's quasi-federal institutions. One senior German official, for instance, is outraged to hear Americans talk of the European Union as a "pool" from which U.S. allies can be selected rather than as a cohesive political entity in its own right.

Underlying American reluctance to take the European Union too seriously is the widespread view that "Europe" is largely a spent historical force. Europeans, on the other hand, generally think that they are on the ascent in world affairs. They see the European Union as a grand project that will restore Europe to its rightful place as a continental-scale economic and political grouping more or less on a par with the United States, though perhaps not in every dimension of power.

Of course, there are also serious specific policy differences between Americans and Europeans, and not just over Iraq. The United States frequently annoys EU leaders by loudly nagging them to admit Turkey as a

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member as soon as possible — for reasons that have much to do with U.S. global strategic interests and very little to do with the aims of European integration as envisaged by most Europeans.

Transatlantic trade disputes have become more bitter as they have increasingly come to reflect social and cultural differences, such as over genetically modified food and crops and the merits and risks of hormone-fed beef. The United States is widely, if mistakenly, seen as a bully for trying to force such products down Europeans' throats — when all it wants is the removal of illegal trade barriers.

At the same time, the policies and personality of President George W. Bush have engendered hostility, even scorn, in Europe in a way unmatched by any recent president, including Ronald Reagan, of whom many Europeans remained contemptuous even after his landslide reelection and Cold War victory. These attitudes are now widespread throughout Western Europe, even in countries such as Britain and Spain, whose governments are among Bush's most stalwart supporters.

Europeans in general, and even European diplomats who should know better, seem often to be more upset by President Bush's direct Texas style than by his specific policies. As with President Reagan, there is undoubtedly an element of condescension — intellectual and social snobbery — in the European attitude.

In a strange way, European hostility to Bush is also partly due to the increasing closeness of the two sides of the Atlantic. In many respects, as Daniel Hamilton has argued in the journal *European Affairs* ("The Twenty-First Century Requires a Global U.S.-European Partnership," Spring 2003), the Atlantic is shrinking and European and American societies are not drifting apart but colliding. The Atlantic, already the world's most economically globalized region, is also becoming more and more of a common social and political space as a result of vastly increased trade, travel, investment, communications, and cultural exchanges. More Europeans than ever before speak English, including in France.

As they anxiously watch world events unfold, Europeans increasingly feel that they have a stake in the U.S. presidency and that it ought to be accountable to them as well as to American voters. Europeans recognize, consciously or unconsciously, that in a lone-superpower world they do not fully control their own destiny. They believe that the government that does, in this case the administration of President Bush, should be more reflective of their views. But while the Bush administration likes to have allies in Europe if possible, it does not, of course, feel politically accountable to any but American voters.

Resentful at feeling spurned, many Europeans are constantly on the lookout for reasons to take offense at U.S. "unilateralism," in which European interests are allegedly overridden or ignored. They angrily cite examples such as U.S. opposition to the Kyoto Protocol, the land mine treaty, and the International Criminal Court, even if they have themselves provoked the

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United States into "unilateral" action by failing to negotiate the concessions necessary for American acceptance of multilateral solutions. On many of these issues, unlike over Iraq, Europeans are surprisingly united, even if the unity is often based on widespread public ignorance of the facts of the case.

This is precisely the area, that of international governance, in which Europeans will increasingly be at odds with the United States as they continue to flex their muscles in world affairs. The Europeans see a proliferation of such agreements as increasing their international influence. Americans are more likely to see the exercise as constraining the power of the United States to act in its own interests.

European support for greater world governance is in line with a main aim of the constitutional negotiations, which is to strengthen Europe's world role by streamlining the European Union's institutional structure. The idea is to endow the European Union with a single foreign minister and a stronger president better able to represent the EU viewpoint in relations with the rest of the world. But, under the "Dance of Echternach" principle, the negotiations will certainly not result in a final or even a particularly satisfactory arrangement for ensuring coherent leadership in an increasingly diverse group of 25 large and small member states.

In international governance, Europeans will increasingly be at odds with the United States.

Many European integrationists believe that if momentum is not to drain away in a 25-nation union, the only way forward is for a smaller number, or "hard core," of states to take the lead in further unification without waiting for the others. That is the thinking behind attempts by Belgium, France, Germany, and Luxembourg, the four countries most strongly opposed to the United States over Iraq, to launch new forms of closer European security cooperation outside NATO that are not to Washington's liking.

Other core groups can be seen at work in the recent mission of the British, French, and German foreign ministers to Tehran to try to persuade Iran to comply with nuclear nonproliferation requirements, and in gatherings of the interior ministers of Britain, France, Germany, Italy, and Spain to pioneer new visa, immigration, and airline security measures on behalf of the EU as a whole.

So concerned are the smaller countries that the larger states will try to run the EU through an exclusive big-country "directoire" that they have started their own counter-organization. At the initiative of Austria, Finland, Sweden, and Portugal, ministers of the 19 smaller states of the enlarged European Union have been meeting to consolidate their position in the constitutional negotiations, where they feel that their rights are being overridden by their larger brethren. Small-country diplomats say the group of 19 will

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be disbanded once it has achieved its constitutional objectives, but its members could well see a need to reconvene in the future.

France's European ambitions

AT THE CENTER of all these upheavals, both across the Atlantic and inside the new Europe, is France — the only modern power apart from the United States that believes it possesses universal values that should be exported to the rest of the world, in an updated version of the classic French colonialist "*mission civilisatrice.*"

France's highly public clashes with the Bush administration in the first half of 2003 took place in and around the U.N. Security Council — of key importance for French world ambitions because France is one of the five permanent members with the right of veto — and in the North Atlantic Treaty Organization, which France has long seen as a vehicle for U.S. dominance. None of these clashes, however, are as fundamental for France as the current maneuverings inside the European Union, which threaten to diminish French influence in Europe and thus undermine French pretensions to global leadership.

If France loses its influence in Europe, it will be hard put to mount a credible alternative to U.S. hegemony in what French leaders like to hail as a future multipolar world. The second pole of such a world, in this view, would not be France alone — the French know that they cannot aspire to world leadership by themselves — but a French-led Europe, allied perhaps with other like-minded countries such as Russia. President Jacques Chirac has sometimes referred to China as another "pole." In calling for a multipolar world, however, the French are not calling for more power for China, or for India or for Latin America, but for a Europe tailored to French interests and speaking, albeit sometimes in English, with a French voice.

Yet the crucial current developments in Europe — EU enlargement and constitution-building — are potentially more dangerous to French interests than any event since the beginnings of European integration after World War II. At risk is the carefully constructed system under which France has controlled the European Union and its predecessor, the European Community, for half a century. That is the main reason why Paris has been trying so actively to reinvent the Franco-German axis and has been brandishing the axis so blatantly in its clashes with the United States and European countries with which it disagrees.

Paris was easily able to exert a dominant influence in the six-nation community it founded in the 1950s together with Germany, Italy, and the three Benelux countries (Belgium, the Netherlands, and Luxembourg). The Germans, still in desperate need of moral and political rehabilitation, were intent only on rebuilding their economy and keeping their heads below the international parapet. Italy, then as now, has never exerted the political

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influence its population and economic weight should earn it. The small Benelux countries were dedicated to a highly integrated Europe that would protect them from any further fighting between their two overbearing neighbors.

The Germans willingly accepted an arrangement under which the fledgling European Union was powered by growing German economic strength and steered by French political leadership. When the supranationalist ideals favored by the other countries threatened French interests in the 1960s, French President Charles de Gaulle responded with a boycott of the EU institutions until the right to a national veto over EU decisions was recognized. Britain was kept waiting outside the walls, condemned as an American Trojan Horse — the same charge now disdainfully leveled by French officials against the new Atlanticist entrants from Central and Eastern Europe.

As the European Community gradually expanded to include Britain, Ireland, and Denmark, then Greece, then Spain and Portugal, and most recently Austria, Sweden, and Finland, it became increasingly hard to maintain French leadership. But until recent years, France largely succeeded in doing so through the Franco-German partnership, in which Germany more or less willingly submitted to French political domination. If the Germans deviated too far from French desires, Paris let it be known that they were "bad Europeans" — upon which the Germans would profusely apologize and hurry back onto the reservation.

An essential element of French mastery has been the role that Paris has assigned itself as the arbiter of European values and of whether other countries are truly "European." The French mystique has frequently been maintained by bluff. How long, a German diplomat once asked, are you French planning to carry on flying first class on a third class ticket?

Nevertheless, France has sought, often successfully, to establish the principle that other countries are European only to the extent that they pursue French interests, buy French goods, admire French culture, and, preferably, speak French. Thus, French officials still stigmatize Britain as not being "fully European" because of its suspicion of policies that France endorses, such as the euro and the Common Agricultural Policy, and because of its attachments to the rest of the English-speaking world.

This self-appointed, overweening role is essential to France's main diplomatic aim of the past half-century — to use the European Union as a force multiplier of French influence, both in Europe and beyond. In the process, the concepts of what is France and what is Europe can become intermingled in ways that are confusing for pragmatic Anglo-Saxons but less so for more conceptual French thinkers. "Europe," President Chirac once said, "is not a continent but an idea." He did not need to add "a French idea."

Thus, as prime minister in the late 1980s, Chirac used to sing the praises of the coming European single market as a means of asserting European influence in a world with rapidly growing populations that threatened to dwarf the small nations cramped together on the Old Continent. (Talk of the

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"Old Continent" or "Old France" was regarded as perfectly acceptable, even affectionate, before U.S. Defense Secretary Donald Rumsfeld's casually derisory reference to France and Germany as "Old Europe.")

In almost the same breath, however, Chirac would go on to laud the EU single market as a vehicle for the spread of French influence. The single market, he liked to say, would help French goods and culture radiate out through the rest of Europe via France's sparkling modern auto routes and high-speed railroad lines, which he compared as cultural vectors to the great medieval fair routes.

Of course, it did not turn out quite like that. In practice, American culture has radiated out more powerfully than French, even in Europe, and the anti-market philosophies of the French welfare state (embraced by Gaullists and many French conservatives as well as by the left) have to bear their share of responsibility — along with those of Germany — for the feeble economic performance of the euro zone today.

It is remarkable nonetheless how France has hitherto managed to reconcile the apparently conflicting objectives of furthering European supranational integration as a tool of French policy while maintaining independent French national sovereignty — a balancing act required not only by the tenets of Gaullism but by the instincts and beliefs of most of the country's citizens.

The act has sometimes involved the application of intricate Cartesian logic. By surrendering the franc and joining the euro, it was argued, France would not lose but increase sovereignty over its own affairs: Under the old national currency system, French monetary policy was de facto dictated by the omnipotent German Bundesbank. With a European Central Bank in which all euro-zone countries were represented, France would regain sovereignty by acquiring an influential seat at the table. Such calculations lay behind France's vigorous and ultimately successful effort to place a Frenchman, Jean-Claude Trichet, at the head of the ECB.

Such supremely self-confident bureaucrats as Trichet have been key soldiers in France's European strategy. The elite French civil service has helped France mold the Brussels bureaucracy to French patterns. But the effectiveness of these tactics has been weakening as the EU has enlarged, and the influence of Northern Europeans, with their insistence on transparency over private personal relationships, has been increasingly felt in the EU institutions. The former French Prime Minister Edith Cresson, who ran into legal trouble for cronyist practices while a commissioner in Brussels in the 1990s, would undoubtedly have got away with her behavior in the smaller, six-nation community more tightly run by France.

But the most important restraint on France's European influence has been the increasing reluctance of a less guilt-ridden Germany to submit to the old "bad European" blackmail. Germany has become more ready to claim its own political position in the world. Berlin has demanded a permanent seat on the U.N. Security Council and progressively shown more readiness to dis-

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patch German forces abroad for a variety of peacekeeping missions.

Since the end of the Cold War and the country's unification, Germany has also emphasized its new political and commercial interests to its east and has begun to flex its muscles more purposefully inside the European Union. In hard-fought, ill-tempered negotiations for the EU Treaty of Nice, signed in 2001, Germany for the first time demanded a bigger representation than France in EU institutions, on the grounds of its larger population following reunification, at the risk of seriously angering the French (which it did). Germany's overall strategic priority in Europe has been to surround itself with peaceful allies on all sides — an objective that found fulfillment in both NATO and EU enlargement.

Therein, however, lies a serious threat to France. Despite some sentimental French ties to Poland and Romania, none of the new members really belongs in the French cultural or political orbit. Central and Eastern Europeans prefer to learn German or English as a foreign language. They lie in a traditional German sphere of influence, even if it is one where Germans have to tread warily for obvious historical reasons. The transfer of the German capital from innocuous Bonn, a short drive from France, to haughty Berlin, a bare 50 miles from the Polish border, is the biggest physical manifestation of this new reality.

None of the new members really belongs in the French orbit.

For all these reasons, France had already started seeking to revive the flagging Franco-German axis toward the end of 2002, after Chancellor Gerhard Schröder turned against the United States in his reelection campaign — well before the big clash with the United States over Iraq. The immediate context was January's fortieth anniversary of the Elysée Treaty, which established the special Franco-German relationship under de Gaulle and Konrad Adenauer in 1963. But growing anti-Americanism in Germany helped the French cause. As the clash deepened over Iraq, Germany shocked diplomats on both sides of the Atlantic by clearly aligning itself with France against the United States for the first time since World War II.

There are signs that Schröder at least partially regrets this massive and unprecedented deviation from traditional German policy. He has since declared that it was disgraceful that anyone should try to force Germany to choose between the United States and France, conveniently forgetting that it was he who voluntarily chose Paris over Washington, thus giving France valuable political cover for its anti-U.S. posture. It seems most unlikely that, after this assertion of German independence from Washington's leadership, any future German leader will be able to, or would want to, return to the cozy U.S.-German intimacy of the past half-century. German Foreign Minister Joschka Fischer is said to have privately described Germany's rebellion against the United States over Iraq as "our own Boston tea party."

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France's slipping grasp on the EU tiller accounts for Chirac's rage at the uppity behavior of the soon-to-be members in Central and Eastern Europe who signed loyalty pledges to the United States just before the war in Iraq at a time when France and Germany were actively trying to sabotage U.S. policy. One of France's worst nightmares is a huge influx of Atlanticist nations into the European Union that Paris cannot control. French diplomats bitterly criticized the governments that signed the pro-American statements for failing to consult beforehand through the EU presidency (a step that France has never taken prior to concocting joint EU initiatives with Germany or trying to form a diplomatic troika with Germany and Russia).

American celebrations of the outspoken strain of Atlanticism now flourishing in Central and Eastern Europe may, however, prove to be excessively exuberant. There can be little doubt that the new members will come under pressure to align more closely with "European" positions as they are drawn deeper into the European Union and its attempts to create common foreign and security policies.

France has been seeking to revive the flagging Franco-German axis.

And that is the way many Central and Eastern Europeans apparently want it. According to a recent Eurobarometer opinion poll published by the European Commission, 74 percent of those in the countries due to join the European Union next May are in favor of a common EU foreign and security policy, and 84 percent want a common European defense policy. Seventy percent support the idea of a single European foreign minister, and 72 percent want to join the euro.

Nevertheless, there is more than enough Atlanticism in Central and Eastern Europe for it to be regarded as a betrayal by all those French thinkers since the days of de Gaulle who have believed, and still believe, that Europe should be constructed in opposition to the United States. Explaining his veto of British entry into the European Community in the 1960s, de Gaulle said he wanted to see England "completely naked," stripped of all links to the United States, the Commonwealth, and the English-speaking world.

Today that line of thinking has evolved into the argument that the European Union should be a "counterweight" to the United States, implying by definition the need for a relative reduction in U.S. power and an increase in the influence of Europe. That is not at all the same thing as Europe acting as a partner, adding weight to the U.S. side of the scale on world issues, as Britain and most other EU countries would prefer.

The French demand for a European "counterweight" poses especially difficult problems for Britain. Tony Blair has made clear he believes in a world with a single pole, the American-led West, and will not back French efforts

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to create a rival power center — although Blair himself has long harbored an ambition to be a serious "European" politician.

A student of the history of the last half of the twentieth century would probably speculate that Britain will be drawn gradually and inexorably closer into the EU's embrace — never leading but always following a few years behind the pioneers. That leaves Britain desperately trying to keep one foot on either side of the Atlantic while still lacking a clearly defined or comfortable role in Europe despite 50 years of experimentation with new kinds of relationships with the Continent. It may be that no such comfortable role is available in the current historical context.

Britain will not be able to participate fully in any "hard core" group that defines Europe's future, simply because of its continuing absence from the euro zone, on which closer economic integration will have to be based. Britain may have greater influence in defense and foreign policy, but London is unlikely for the foreseeable future to see eye-to-eye with the kind of highly centralized Europe envisaged by Paris and Berlin — which is not one most British people want anyway. Blair is showing new readiness to support closer EU defense cooperation, favored by France and Germany, largely in order to try to widen the Franco-German axis to include Britain. But his attachment to the United States and NATO will not allow him to join in any truly independent European defense initiatives.

How much is France's bid to dominate Europe through European integration tinged with anti-Americanism really a product of a French grand design, as Anglo-Saxons often suppose? There is good reason for such a belief. Leaving aside Napoleon's attempt to unify the continent by fire and sword, nearly all the institutional blueprints for European unification have come from France — ever since the Duc de Sully, a former minister of Henri IV, proposed a plan for a united Europe in the seventeenth century. In the mid-nineteenth century, French economists suggested something quite similar to today's economic and monetary union, and the current European Union is largely the brainchild of the postwar French visionaries Robert Schuman and Jean Monnet. In part, President Chirac's policies are simply the manifestation of a very long-term French objective.

But politicians' motives are rarely so simple. There is also a strong shorter-term, ad hoc element in Chirac's recent positioning vis-à-vis the United States. If he has been taking advantage of the current wave of anti-Americanism in Europe to further his plans for a "counterweight" to the United States, he has also been doing so to win favor with public opinion. The clash over Iraq also presented him with a heaven-sent opportunity to present himself to the world as an international statesman, a reputation he has long sought but not really enjoyed hitherto.

But this means Chirac is not invulnerable to pressure. He will change if public opinion changes; he will not want to be too isolated in Europe, and he will retreat if he sees that his policies are leading to a reduction rather than an increase in French influence. As well as paying the traditional

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French lip service to principles, Chirac likes to pride himself on being "pragmatic," by which he means deciding what to do on the merits of each individual case. If his anti-U.S. posture is to be modified, the key will lie in enticing Germany back into something closer to its traditional Atlanticist stance.

Washington's myopia

BUT FIRST OF all, an effort to prevent the emergence of a European "counterweight" to the United States will require Washington to pay more attention to Europe — and deploy greater subtlety than the current administration has been inclined to do so far. It is not a good idea to "punish" France for its stance on Iraq, which only increases sympathy for Paris in Berlin. If the Bush plan is to divide and rule Europe, as many Europeans think, Washington should make sure not to draw a line that puts both France and Germany on the other side.

In making their charges of American divide-and-rule tactics, Europeans usually conveniently forget that it is they who have divided themselves in the first place. But it is still not a good idea for Washington to fuel the anti-American character of the Franco-German rapprochement by insultingly pairing the two countries together, as Rumsfeld did with his "Old Europe" jibe.

Little of all this, however, is usually factored into U.S. policy toward Europe, not least because Americans remain widely, sometimes devastatingly ignorant of the nature of European integration, its achievements, and the destination to which, at least in the eyes of many leading Europeans, it is meant to be heading. Such ignorance, insofar as it foments euroskepticism and hostility to European integration in Washington and irritation in Europe, is a major contributor to today's tensions.

One does not have to look far for examples. When EU leaders officially endorsed the admission of new members at a summit meeting in Copenhagen in December 2002, in what was widely seen in Europe as a truly historic moment, the *Washington Post* reported that they had decided to extend their "free trade area" into Central and Eastern Europe.

The report was both wrong and dangerously misleading. The Central and Eastern European countries have in fact had free trade agreements with the European Union since the early 1990s. Much more important, however, the European Union is not, and has never wanted to be, a free trade area. In economic terms, it became first a customs union, then a common market, then a single market, and it is now an economic and monetary union with a single currency. All of these are far more integrated relationships than a simple free trade area, and as the EU has progressed from one to the next, it has developed central, quasi-federal decision-making institutions that would be totally out of place in a free trade area.

But the European Union, with its fledgling common foreign and defense

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policies and its attempts to draft a European constitution, has also gone far beyond economics. If the EU as yet has no full-fledged army, it has a parliament, a capital, a flag, and an anthem. People who believe these characteristics are appropriate to a free trade area should try endowing the North American Free Trade Agreement with a flag and an anthem and rotating its presidency among Washington, Ottawa, and Mexico City.

Far from being a free trade area, the European Union is finally struggling to become an international political power — which is precisely one of the reasons American support for European integration has been fading. Another is that the conservatives who are so influential in the Bush administration have always harbored deep suspicions of European integration, which they have tended to identify with the triumph of bureaucratic socialism or worse on the continental mainland. Even if President Bush were not in the White House, however, the EU's political ambitions and the end of the Cold War would be causing a grinding together of tectonic plates in the mid-Atlantic.

During the Cold War, the United States looked to NATO to provide the military and political muscle to restrain Soviet expansionism and to what was to become the European Union to provide the economic bulwark. The job of the then European Community was to provide prosperity in Western Europe and a social safety net that would strengthen West European societies against communism, just as Japan did in Asia. In exchange for playing that role, Europeans could be forgiven many sins, especially in the trade field but also in developing the kind of welfare states that most Americans find excessive.

Internationally, Europe's role was seen as being that of an economic power. In the 1970s, Henry Kissinger liked to characterize the European Community as a regional economic power, compared to a United States that was a global political and military power. This complementary but essentially inferior role has been assigned to the European Union by successive U.S. administrations ever since.

Of course, U.S. administrations, above all that of President John F. Kennedy, officially supported European political integration. There were ritual laments about the Europeans' failure to develop common approaches, including in foreign and security policy. But more acute U.S. diplomats saw that an EU common foreign policy, if one ever emerged, might not be exactly to Washington's taste, particularly on issues like the Middle East — a point perfectly exemplified by the recent anti-American antics of France and Germany over Iraq.

Rather, as one perceptive official put it privately, U.S. interests were best served by a Europe always proceeding toward closer union but never actually getting there — a Sisyphean Europe forever rolling the boulder of integration uphill. In such circumstances, it was possible for the United States to support European unification and treat Europe as a desirable future partner on the world scene without ever having to find out whether unification

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would really be a good idea in practice. What is different today is that the EU is giving the first, admittedly mixed, signals of how it actually sees such a partnership.

There was another advantage to looking at European integration as primarily economic. It meant that the Washington establishment and the media could basically ignore it as beneath their dignity. Throughout the Cold War, the U.S. foreign policy establishment saw the world through a politico-military lens. The currencies of high-level diplomatic exchange were cruise and Pershing II missiles and negotiations on mutual and balanced force reductions. Talks on bananas, corn gluten, and other more tiresome aspects of European integration could safely be left to trade experts and their "low" diplomacy as against the "high" diplomacy of the politico-military grandees. Of course, if the achievements of European integration are looked at solely through a politico-military lens, they do not amount to very much.

For the media, the economic nature of the European project provided similar benefits. They could ignore it as "boring." They did not have to send full-time correspondents to Brussels to explain the complex workings of the Common Agricultural Policy — only special correspondents to NATO meetings and the more glamorous EU summit meetings (with such results as the *Washington Post*'s embarrassing mischaracterization quoted above). As in the diplomatic service, this approach reflected an established journalistic caste system. Those at the top of the totem pole cover the White House, the State Department, the Pentagon, Capitol Hill, and a few major foreign capitals such as Paris, London, or Moscow. Although the picture is changing somewhat, journalists covering business and economics have traditionally been far lower down the pecking order.

The consequences of this are clearly seen at summit meetings of the Group of Eight leading countries, which are covered by foreign and White House correspondents because the president attends, but which are meant to be primarily economic. The leaders have learned to toss out juicy political or military morsels in advance of the requisite deadlines so that the media stars do not have to soil their hands trying to cover economic issues they do not understand. A side effect is that these U.S. media attitudes promote ignorance even of the economic side of the EU, thus ensuring that most Americans will be surprised by developments like the single currency.

American euroskepticism is further fostered by a widespread reliance for information on the English-language media, including a British press often hostile to "Europe," rather than on more friendly and often more intelligent reports from the continent. American conservatives who read British conservative anti-European newspapers and journals find their own assessments reinforced without having to examine the reality of what is actually happening.

That makes it all the more important to see the European Union in its proper historical context. And the first point to understand is that, by its own standards, it has been an astonishing success. Since its birth in the

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1950s, the European Union has, albeit often late and messily, achieved every significant target it has set itself, including a common commercial policy and economic and monetary union. Despite the latest dramatic setbacks over Iraq, it will continue to try to formulate common foreign and security policies, and it will doubtless make incremental though erratic progress toward doing so. If there are rifts on the more spectacular issues like relations with the United States, there is already wide agreement on a host of more mundane foreign and diplomatic issues — as well as on some important ones like support for the Palestinians.

The second point is that the European Union has its greatest influence in world affairs in the areas where it has the most integrated policies. In world trade negotiations, conducted by the European Commission under the common commercial policy, the European Union carries equal weight with the United States. The euro has quickly become the world's second most important currency after the dollar.

If the EU were to adopt common foreign and defense policies, it would gain much greater influence in those areas, too. That is why a certain amount of wishful thinking may have contributed to conflicting interpretations of the longer-term consequences of the clash with the United States over Iraq. Many Americans believe the episode confirms that the EU will never be able to agree on a common foreign and defense policy. Many Europeans believe the opposite: that the shock will provide the nervous energy required to forge closer political ties.

The biggest question is whether the European Union will succeed in its bid to become a new kind of international civil-political power, exercising influence through multilateral diplomacy and international institutions. It is not the aim of the European Union to rival the United States as a military power, nor is it capable of doing so financially, technologically, or politically. The strength of the European Union is the success it has achieved in overcoming conflict and national rivalries in its own area of Western Europe, now broadened to Central and Eastern Europe, through patient negotiation and compromise. The endemic and almost permanent warfare that has scarred and shamed the continent since the dawn of history has come to an end — one reason, perhaps, why Europeans have become "soft" and too pacifistic in some American eyes. Those wars that have occurred in Europe in recent years, in Bosnia and Kosovo, for instance, have been in countries that have not been clasped in the EU's civilizing embrace.

What is happening now is that many EU opinion leaders want to extend these techniques of engagement and compromise to the rest of the world, where they may often be far less suitable and, in some cases, such as Iraq, futile. The EU attempt to spread its own modus operandi internationally is aimed not just at defusing crises, but at establishing what would effectively be a new framework of world governance modeled on the European Union. Thus, French officials sometimes say that the World Trade Organization should play the same kind of role in international governance that the

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European Commission plays in the European Union.

There can be little doubt that, barring some kind of cataclysm, the historic trend is, and will continue to be, toward increasing world governance. One need only look at the unending array of international organizations that have proliferated since World War II and the forces that are constantly generating more of them. Those forces include myriad international nongovernmental organizations, many of which have captured important levers of power, increasingly influential developing countries, and the whole field of activism now known loosely as "civil society."

The United States, particularly under Republican leadership, will continue to resist many aspects of this process. And so it should. Utopianism has always been dangerous, and many proposals for international action are counterproductive or nonsensical. A lot of them have more or less overt anti-American intentions. But many forms of international cooperation, such as the war against terrorism and the fights against money-laundering, international crime, poverty, and disease, are in both America's and the world's interests. So are multilateral efforts to establish open markets for trade and investment. In most of these areas, Atlantic cooperation is proceeding relatively smoothly.

In many other areas, however, there will continue to be tension between the differing approaches of the United States and the European Union, tension that will intermittently break out into conflict. The United States is accustomed to dominating the international organizations to which it belongs, such as NATO, the United Nations, and the WTO. It is much less happy with newer forms of treaty-based international cooperation, favored by the Europeans, that impinge more directly on its sovereignty. But France and its friends are unlikely to establish a coherent "counterweight" to U.S. power. Russia, for instance, is unlikely to believe its interests are best served by committing itself to the more permanent and cohesive Franco-German-Russian "pole" that the French Foreign Ministry is seeking.

Most EU countries want to be partners with the United States, not a "counterweight," and are keen to explore new ways of strengthening such a partnership. For while their values may increasingly differ, over issues ranging from the death penalty to the environment, the fundamental interests of Europe and the United States remain remarkably similar. Both need a stable, peaceful world in which trade, investment, and energy supplies can flow freely, reinforced by the wider spread of democracy and prosperity among less advanced nations. Both have much to fear from terrorism, international crime, and the spread of virulent new infectious diseases.

Their differences, though considerable and enduring, are ultimately more about means than ends. The restoration of better relations, however, will require at the very least a style in Washington that is more sympathetic to and better informed about European unification and serious efforts by European leaders to counter the hysterical anti-Americanism that is now so widespread among their citizens.

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Down on the Biopharm

By Henry I. Miller and
David Longtin

Try as we might, we cannot seem to control a highly infectious bug called Norwalk virus that annually causes millions of cases of gastric distress in North America alone. Cruise ships and nursing homes endlessly scrub and sanitize and disinfect; staffs, passengers, and patients wear gloves and avoid person-to-person contact; but the epidemics of gastroenteritis continue. In recent months, cruises have been canceled or ruined, and hospital emergency rooms, schools, and nursing homes have closed down.

University of Arizona scientists have come up with a highly unconventional remedy: the first vaccine against Norwalk virus, now awaiting approval for clinical trials in humans. Why unconventional? After all, antiviral vaccines have been around since British physician Edward Jenner introduced smallpox vaccine in the eighteenth century. The highly innovative Norwalk vaccine, which is grown in tomatoes and administered in pills that contain powder derived from freeze-dried tomatoes, is just the latest devel-

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opment in a mushrooming new field known by the punny name "biopharming."

Scientists can even use this approach to make vaccines that will prevent certain kinds of cancers that appear to be caused by viral infections. German researchers have engineered tobacco and potato plants to synthesize a protein component from the human papillomavirus, which is thought to cause cervical cancer, the third most common cancer among women worldwide. When the protein is extracted from the tobacco and potato plants, then purified and administered to mice, it induces an immune response. When the potatoes are fed directly to mice, they also trigger an immune response, though not as strong. If bioengineers one day develop a vaccine against cervical cancer, there will be a huge demand, especially if the vaccine can be stored in edible doses without refrigeration.

Biotech companies are using gene-splicing techniques to produce high-value medicines.

Biotech companies are using gene-splicing techniques to reprogram crops — mainly corn, initially — to produce significant concentrations of high-value pharmaceuticals. The concept is not new. Many common medicines, such as morphine, codeine, the laxative Metamucil, and the anti-cancer drug Taxol, are all purified from plants. But biopharming's great promise lies in using gene-splicing techniques to make old plants do radically new things.

There is also great potential for cost-cutting in the process: The energy for product synthesis comes from the sun, and the primary raw materials are water and carbon dioxide. In addition, biopharming offers tremendous flexibility and economy when adjustments in production are necessary. Doubling the acreage of a crop requires far less capital than doubling the capacity of a bricks-and-mortar factory, making biopharmed drugs potentially much less expensive to produce than those made in conventional ways. As little as 2,000 acres can provide the substrate for a year's supply of some products. Grain from a biopharmed crop can be stored safely for at least a year with no loss of activity. The quality of the final drug can meet the same standards as current fermentation technology using microorganisms.

But storm clouds are gathering on the horizon. The food industry fears that gene transfer or "volunteer" biopharmed plants in the field could cause vaccines, drugs, and other products to contaminate the food supply, triggering costly recalls and presenting thorny liability issues. Therefore, in comments filed with the Food and Drug Administration in early 2003, food producers called for excessively stringent federal regulation. Some of the demands of the Grocery Manufacturers of America and other food trade associations were reasonable, but not their recommendations to the FDA

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that food plants should be off limits for biopharming "unless the company developing the drug product clearly demonstrates that it is not feasible to use non-food crops" and that "land, labor and equipment [be] dedicated solely to growing" biopharmed products. Although these restrictions would offer minimal additional safety, they would severely stigmatize the technology and push the development costs of biopharmed products into the stratosphere, limiting development only to very high value-added substances and inflating the ultimate costs to the consumer of the biopharmed drugs that reach the marketplace.

A harsh fact of life is that not all of those who need expensive conventional drugs can afford them. The drug regimens to treat AIDS are the prototype, but costs can be prohibitive for state-of-the-art therapies for diseases ranging from arthritis to tuberculosis. If regulation and other aspects of public policy don't unnecessarily inflate the costs of development, biopharming can revolutionize the pricing structure of many new drugs.

But this prospect is the triumph of hope over experience. Regulators are alert for new opportunities to increase their regulatory responsibilities and budgets. They are also risk averse, especially when confronted by highly innovative products and processes. All this spells bad news for biopharming: In March 2003, the U.S. Department of Agriculture's Animal and Plant Health Inspection Service announced onerous new restrictions on the cultivation of biopharmed crops. To a great extent, they tracked the demands of the food industry, which, interestingly, were almost indistinguishable from those of the radical environmental lobby.

USDA's imperfect solution

Most of USDA's new restrictions on the cultivation of the biopharmed plants are excessively burdensome. For the most part, they impose highly prescriptive, one-size-fits-all "design" standards — as contrasted with "performance standards," which specify an end-point that must be achieved. They do not take into account the actual risks of a given situation. Among other things, the new requirements:

- Demand that separate planting, storage, and harvesting equipment be set aside for biopharmed crops. (USDA allows such equipment to be returned to general use, but only after it has been cleaned in accordance with extraordinary, expensive procedures.) Many biopharmers have always used dedicated equipment to avoid quality-control problems that might arise in the development of their plant-based drugs. But given the factors, discussed later, that mitigate the effects of small amounts of contamination that might occur, this level of precaution — with its attendant expense and inconvenience — is not appropriate for all biopharmers.

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- Double, from half a mile to a mile, the buffer zones that biotech companies must maintain between their pharmaceutical corn and non-engineered corn whenever the drug-bearing crops must be openly pollinated. Under the old regime, if biopharmers put bags over the pharmaceutical plants' pollen-producing tassels (or removed them), then USDA required that: 1) ten rows of non-engineered corn be planted as a buffer around the drug-bearing corn; 2) non-engineered corn grown within two-fifths of a mile be planted at least 21 days before or after the pharmaceutical corn so that their flowering times did not overlap; and 3) if non-engineered corn was planted within a quarter mile, it also had to have its ears and silks covered.

  Now biopharmers who cover or remove the tassels of their drug-bearing corn must stay at least half a mile away from other cornfields, and other cornfields between a half and one mile away must be planted at least 28 days before or after the pharmaceutical crops.

  Arguably, companies that take the additional step of planting male-sterile pharmaceutical corn should be allowed to reduce the buffer zone somewhat, but they cannot do so under the current system. These new requirements may rule out many opportunities for drug-bearing varieties in the Midwestern Corn Belt, where large plots of land with no corn growing on them are rare.

- Require that farmers seek explicit USDA authorization before growing food or feed crops on any land that has been used to cultivate biopharmed corn within the previous year. This measure is supposed to guard against the possibility that, after a field has been cultivated with biopharmed corn, drug-producing "volunteer" plants might sprout later and get mixed with a food crop grown in the same soil. The year after a farmer stops growing biomedical corn on his land, USDA permits him to plant cover crops to enrich the soil and prevent it from eroding. Such vegetation is not harvested, but is usually plowed under or burned down with herbicide at the end of the season. The farmer may plant whatever type of cover crops he wishes as long as USDA inspectors are able to detect and destroy any drug-producing corn volunteers that might spread pollen to neighboring cornfields. But if he wants to grow food crops, his options are much more limited.

Under USDA's new policy, one company has received permission to cultivate two hand-harvested vegetables on some of its former biopharmed plots next year. In a third field, it will also be allowed to grow a food and fiber crop that completely blocks the emergence of drug-bearing volunteer plants. USDA will not reveal what these three food crops are because such information could help eco-terrorists to locate the company's test sites. As of this writing, most biopharm companies have yet to ask USDA for permission to cultivate their fields next year, so we cannot know what food crops they will seek to grow or precisely how the new restrictions will

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affect them. But if a farmer has cultivated pharmaceutical-containing corn on his land this year, USDA will prohibit him from planting weedy crops like soybeans there next season. The rationale is that such prolific crops would eventually become confluent over the entire field and obscure any drug-producing corn stalks that might sprout. This marks a significant policy shift from last year.

Under its old system, USDA prohibited anyone from planting edible corn in soil that had been used to cultivate drug-producing corn the previous year but otherwise placed no restrictions on the types of food crops that farmers could grow. Instead, it demanded that farmers weed thoroughly whenever they planted food crops on such land, and government inspectors policed this requirement. In 2002, a Nebraska farmer allegedly planted soybeans in a field in which biopharmed corn had grown the previous season but failed to provide adequate weed control to eliminate drug-bearing corn volunteers. During three separate inspections, USDA officials found a small number of cornstalks that had not yet produced seed growing among the soybeans and urged the farmer to remedy the situation, but to no avail. After the harvest, the cornstalk-contaminated soybeans were then pooled with other soybeans into a 500,000-bushel shipment before USDA finally ordered the entire batch destroyed. Without admitting fault, Texas-based ProdiGene, the company that developed this biopharmed corn, which synthesizes a vaccine intended to prevent *E. coli* diarrhea in pigs, agreed to cover all the clean-up costs and compensate the farmers whose soybeans were lost. USDA also fined the company $250,000.

One company has received permission to cultivate vegetables on some of its former biopharmed plots next year.

Representatives of the biotech industry say that USDA's handling of the ProdiGene affair demonstrated how well the old system worked. But since the policy change, USDA officials have claimed that this effective policing was a kind of anomaly — that because ProdiGene had been cited for previous violations, federal surveillance of the company was unusually tight. They argue that the department lacks the manpower to give all biopharmers the same level of scrutiny, especially since many of its personnel have been assigned new homeland-security duties. By greatly restricting the types of food crops that may be grown in fields that have previously been cultivated with drug-bearing corn, USDA intends to reduce the number and intensity of the inspections that it must perform on such post-biopharmed plots.

In March 2003, USDA announced that henceforth it would inspect every biopharmed plot at least five times a growing season, whereas it normally conducted one or two such inspections under its old regime. USDA inspec-

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tors used to spend more of their time examining *post*-biopharmed plots that had since returned to food-crop production. But now that the department has greatly limited the types of food crops that farmers may grow in such fields, fewer such post-biopharming inspections should be necessary. During the year in which a post-biopharmed site is returning to normal food-crop production, federal inspectors might need to spot-check it just a couple of times.

Because the cultivation of pharmaceutical corn involves so many regulatory hurdles, some USDA officials have suggested that biopharmers should consider using other plant species as platforms for the production of pharmaceuticals. They argue that tobacco is a good choice for several reasons. Tobacco plants must be grown in seedbeds for two or three months before they are transplanted into the field, and their flowers are typically topped (removed) even before they open, so there is essentially no potential for tobacco seed to be produced or for seed to be carried over and sprout in subsequent seasons. Nor does the biopharmer have to establish large buffer zones to separate the biopharmed crops from conventional ones, because when the flowers are either topped or covered with bags, there is little chance that they will hybridize with nearby tobacco fields. Thus, a farmer can potentially grow drug-bearing tobacco on his land one year and then switch back to ordinary tobacco the next without running afoul of government regulators. Moreover, these officials say, tobacco is not used as food or feed and is not typically grazed upon by wildlife.

However, tobacco cannot be grown everywhere and may not be optimal — or even amenable — to the biosynthesis of certain molecules. More fundamentally, the freedom to innovate, and the ingenuity of the developers and farmers of biopharmed plants, should not be constrained unnecessarily by the whims or the personnel problems of government regulators.

Challenging the zero-tolerance mindset

FEDERAL OFFICIALS have tried to keep residues of biopharmed products out of the food chain, no matter how trivial the amount. They have declined to establish non-zero tolerance levels for these substances, largely out of concern that opponents of biopharming would take advantage of such a move to proselytize against this new technology.

The government's overly risk-averse approach can be justified on neither scientific nor political grounds. It appeases neither anti-biotech activists nor the food industry, both of which have simply used USDA's zero-tolerance policy as a rationale to impose even greater regulation and other strictures on biopharming. For example, according to Friends of the Earth:

> USDA's gene confinement measures are intended to "minimize" rather than prevent contamination. The few environmental assessments con-

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> ducted by the USDA are of poor quality, and show a disturbing willingness to bend the rules. . . . USDA is not qualified to evaluate the health risks of biopharm crops, allows commercial use of biopharm plant products, and is too understaffed to exercise adequate on-the-ground oversight, for the most part allowing companies to regulate themselves.

A recent statement by the North American Millers' Association (NAMA) offers another case in point:

> Plant-made pharmaceuticals and industrial products are not intended to be cultivated for food and feed use, and are not required to seek food and feed approvals. Therefore, their presence *at any level* is currently not allowed in products meant for consumption by humans or animals. A positive detection of plant-made pharmaceuticals and industrial products in food or feed in any amount, therefore, would require the immediate recall and destruction of all products manufactured from that grain. Under current regulatory standards, this zero tolerance creates an intolerable risk for U.S. food processors.
>
> That is why NAMA has called for regulations requiring companies producing plant-made pharmaceuticals and industrial products to demonstrate mandatory liability insurance coverage or to indemnify all downstream traders, handlers, processors and food manufacturers for the full cost of recall, destruction and brand deregulation as a result of gene flow or other release of genetic material into the food or feed industries.

The millers' association seems not to have considered that one way to eliminate the "intolerable risk for U.S. food processors" created by zero tolerance would be to establish non-zero tolerances. And as the group pleads for new burdens on biopharming, it disregards not only the broader context of agriculture and biotechnology, but also salient features of its own industry. The grain industry's own products are, after all, highly prone to contamination — by poisonous fungi, rodent hair and droppings, and insect parts, among other unpleasant substances. And these noxious leavings are definitely "not intended for food and feed use," to borrow the millers' own phrase. If these contaminants were prohibited from grain at any level, the industry would be out of business; instead, farmers, millers, and government cooperatively have designed approaches to risk assessment and risk management in order to handle, store, and process grain in ways that ensure consumer safety. What's grain for the goose should be grain for the gander. Instead of punishing biopharming to the point of oblivion, we must reject the zero-tolerance mentality and approach safety scientifically and sensibly.

The food industry is not alone in muddying this issue. In 2002, the Biotechnology Industry Organization (BIO) and several member companies came out strongly for stringent regulatory oversight of biopharming and

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agreed to voluntary but draconian restrictions on biopharmed plants. BIO went so far as to suggest that companies refrain from growing biopharmed crops in entire regions of the country where the host crop in question is widely grown — for example, corn in the Midwestern Corn Belt. This precipitated a political firestorm, particularly from powerful Iowa Senator Charles Grassley, and within a few months BIO had retreated from its position.

The food and biotech industries have failed to heed the important lessons from the introduction of the first gene-spliced veterinary product, bovine somatotropin (bST), or bovine growth hormone (bGH). The drug, a protein that stimulates milk production in cows, generated tremendous (but largely gratuitous) controversy, with some analysts predicting that its introduction would so frighten consumers that milk consumption could drop as much as 20 percent. Although the milk is in no way different from or less wholesome than that obtained from untreated cows, some in the industry, as well as many anti-biotech activists, advocated special regulations, including mandatory labeling of dairy products from bST-treated animals.

However, after a decade of widespread marketing and consumption of milk from bST-treated cows, an analysis from the USDA's Economic Research Service concluded that "scientific evidence about food safety will not prevent controversy. . . . Even intense controversy may have minimal or no effect on total demand [and] the absence of reports of harm from consumption contributes to continued consumption." The bottom line is that the mere presence of controversy should not cause industry — or government regulators, for that matter — to overreact.

The worst case

EVEN IF BIOPHARMED crops were to contaminate food crops, how likely is it that anyone would find harmful amounts of prescription drugs in his corn flakes, pasta, or tofu? A combination of factors — including natural selection, farmers pursuing their own commercial self-interest, liability concerns, and the vast size of the U.S. food supply — all militate against such a possibility.

Gene flow is a biological fact of life. It is ubiquitous. All crop plants have wild relatives somewhere, and some gene flow commonly occurs if the two populations are grown sufficiently close together. Thus, although genes could be transferred from a crop that has been modified to synthesize a pharmaceutical, the recipient plant is likely to proliferate only if a certain gene that has moved confers a selective advantage. Such occurrences should be uncommon with biopharming because, most often, the added drug-producing gene should not confer on the recipient any selective advantage and could even place it at a selective *dis*advantage. Thus, if such a gene were to be transferred into a food crop, it might persist at a low level in the affected

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crop population for many generations, but we would expect its ability to proliferate and to cause significant contamination of the food crop to be limited.

Another relevant question is the persistence of post-biopharming volunteers. Michael Crawley and his co-workers found in a study published in *Nature* (February 8, 2001), which compared the performance of four different gene-spliced versus conventional crops (rapeseed, potato, corn, and sugar beet) in natural habitats, that in no case were the gene-spliced plants (which were engineered for traits other than synthesis of pharmaceuticals) found to be more invasive or more persistent than their conventional counterparts. They also found "that arable crops are unlikely to survive for long outside cultivation." By the end of four years, of all the varieties cultivated in the study, only one variety of conventional potato persisted.

Gene transfer is an age-old consideration for farmers.

Gene transfer is an age-old consideration for farmers. Farmers in North America and elsewhere, who grow many hundreds of crops virtually all of which (save only wild berries) have been genetically improved in some way, have meticulously developed strategies for preventing pollen cross-contamination in the field — when and if it is necessary for commercial reasons. Traditionally, plant breeders' guidelines have called for keeping distinct varieties of corn, a wind-pollinated crop, at least 660 feet apart. At this distance, the two corn varieties will not hybridize to any great extent, even if small amounts of pollen might still drift between the fields. Even without government oversight, biopharmers themselves strive to keep their specialty corn sufficiently far from ordinary cornfields, lest their highly valuable drug-producing crops suffer contamination *from* the food crops.

Canola and rapeseed provide a good example of two crops that are rigorously segregated with minimal government interference. The original rapeseed oil, used as a lubricant, caused heart disease when ingested because of high levels of a chemical called erucic acid. Conventional plant breeding led to the development of rapeseed varieties with low concentrations of erucic acid, which came to be known as canola. In 1985, FDA approved canola oil for food use, provided that it contained no more than 2 percent erucic acid. But since rapeseed oil is still used as a lubricant and plasticizer, farmers and processors must carefully segregate these distinct high- and low-erucic acid crops in the field and thereafter, a task they accomplish routinely and without difficulty. What makes these successes particularly compelling is that, unlike certain other crops, such as wheat and barley, which tend to self-fertilize and are less likely to pick up foreign genes, rapeseed/canola is "one of the more problematic in terms of gene flow . . . a worst-case scenario," according to Danish plant geneticist Rikke Jørgensen of the Riso National Laboratory.

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Under this system, small quantities of rapeseed occasionally may get mixed into the canola, but this is of no consequence as long as the finished product meets the federal safety standard. Although it might be politically unrealistic to expect that people will unquestioningly eat tiny quantities of biopharmed crops the way they regularly consume erucic acid, there is no scientific or medical objection to their doing so.

Federal regulators could establish non-zero tolerance levels for biopharmed contaminants in the food supply. In some cases, such as for drugs that are neither orally active nor likely to be allergenic, one might simply conclude that contamination at any level poses negligible risk (not unlike the level of concern about small amounts of pollen from a variety of yellow sweet corn pollinating white sweet corn in a nearby field).

For personal injury to occur, several highly improbable events would have to happen.

For situations in which risk is uncertain or known to be non-negligible, one would base tolerances on animal toxicology studies, as regulators do for pesticide residues. Before approving a new pesticide, the Environmental Protection Agency requires the manufacturer to examine how much of the chemical mice, rats, rabbits, and chickens can absorb without suffering any observable long-term effects following both acute and chronic exposure. Using highly conservative assumptions about both safety margins and the relevance of extrapolating high dosing of animals to very low exposures in humans, the EPA then builds in a safety margin of several orders of magnitude to allow for differences between animals and humans and for possible enhanced susceptibility of children. With these kinds of assumptions, regulators create a huge safety margin — excessively huge, according to many experts — when they determine the maximum safe dose for humans. An analogous approach, which would substitute performance standards — that is, non-zero tolerances for carryover into food — for USDA's current design standards, also could work for pharmaceutical contaminants, at least from a medical standpoint.

Although potentially workable, the outcome of this conservative approach to establishing tolerances — like the EPA's determination of acceptable pesticide residues, from which it is derived — will likely be overly risk-averse. Even in a worst-case scenario, by the time a food contaminated with a biopharmed substance passes a consumer's lips, it is unlikely to exert a significant effect. Recall that in the ProdiGene case, some 500,000 bushels of ordinary soybeans allegedly came into contact with a very small amount of biopharmed corn stalks and leaves. Not all the data necessary for a detailed analysis of that situation are publicly available, but we do know that for personal injury to occur, several highly

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improbable events would have to happen.

First, the active drug substance would have to be present in the final food product — say, tofu or salad dressing made with soybean oil — at sufficient levels to exert an adverse effect, the result of either direct toxicity or allergy. But there would have been a huge dilution effect as the tiny amounts of biopharmed corn stalks and leaves were pooled into the massive soybean harvest. With very few exceptions (e.g., peanuts), even an allergic reaction requires more than a minuscule exposure. Second, the active agent would need to survive milling and other processing, and then cooking. Third, it would need to be orally active; to take the example of ProdiGene's corn, the synthesized "drug" is not pharmacologically active, except in the sense that it elicits antibodies that are intended to confer immunity to *E. coli*. The probability that *all* of these events would occur is extremely low.

Moreover, it is essential to consider the broader context of the kinds of chemicals that are commonly in our diet. We routinely consume hundreds of thousands of chemicals of all sorts — proteins, fats, carbohydrates, and minerals, among others. Bruce N. Ames and Lois S. Gold at the University of California at Berkeley have estimated that each day, "on average, Americans ingest roughly 5,000 to 10,000 different natural pesticides and their breakdown products," as well as about 2,000 milligrams of "burnt material, which is produced in usual cooking practices" and contains many rodent carcinogens and mutagens.

These observations emphasize the primary principle of toxicology — that the dose makes the poison. Unless we have the misfortune to eat something to which we are highly allergic, a poisonous mushroom, or a poorly dissected puffer fish, the chemicals present in food do not cause acute harm. The possible risks of adding one more chemical moiety to the diet, especially in a minuscule amount, must be considered in that context. Except for extraordinary circumstances (for example, biopharming of an extremely potent toxin), there is no scientific justification for the kind of rigorous oversight that USDA imposes on biopharmers today.

Lost benefits

On the occasion of USDA's announcement of the new restrictions on biopharmed crops, Agriculture Secretary Ann Veneman told reporters, "It's very important that we regulate in a way that allows this technology to proceed, so we can reap the benefits of it." Instead, her department is regulating in a way that will ensure that the field is stigmatized, that biopharming's research costs are hugely inflated, that only very high-value-added products will be candidates for development, and that consumers ultimately will see few biopharmed drugs in the pharmacy. Moreover, in these circumstances there is little chance that pharmaceutical companies will develop products designed for less developed countries

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where heat-stable, plant-incorporated drugs and vaccines could revolutionize health care.

Perhaps we should not be surprised to find how far regulators have strayed from a rational, science-based approach to plant-derived pharmaceuticals. The testing and commercialization of gene-spliced plants are overregulated generally, and it is much too easy for antagonists of biopharming to frighten consumers with images of hazardous drugs floating in children's breakfast cereals while scientists invariably are careful to qualify their own statements and to refrain from blanket assurances that something is "safe."

Anti-biotech activists and the food industry are demanding further tightening of the regulatory screws. These pressure groups want food plants to be off limits for biopharming, land once used to grow drug-producing crops to be dedicated solely to that purpose, and biopharmers to be indemnified against any damages they might cause under whatever scenarios their adversaries may dream up. Federal regulators, who are ostensibly committed to science-based regulation that discounts bias and the blandishments of special interests, already have erred on the side of risk-aversion and over-regulation.

If we are to reap what biopharming sows, we need a more reasonable, science-based policy. That's about as common these days as mango trees in North Dakota. But if we cannot turn back the regulatory clock, at least let's not make the situation any worse.

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Representation Without Taxation

The Colonial Roots of American Taxation, 1700-1754

By ALVIN RABUSHKA

In a previous issue of *Policy Review* (August & September 2002), I published an article entitled "The Colonial Roots of American Taxation, 1607-1700." In it, I described the mixed bag of public finance schemes in the American colonies' first years — and the determination with which the continent's earliest European settlers tried to avoid even relatively low taxes. It seems fair to say, overall, that the low taxes of those years contributed to the rapid growth of the colonies.

In this article, we will look at the first half of the eighteenth century, from 1700 to the beginning of the French and Indian War in 1754. It is a unique period in American history; the colonists discovered what we might call "representation without taxation," a tax-free means by which to finance government based on the collection of interest payments on loans secured against the assets of borrowers. Representation without taxation came about partly by intent and partly by accident. Yet the lesson quickly spread

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throughout most of the colonies, and the low-tax colonial environment of the seventeenth century gave way almost to a no-tax environment in the first half of the eighteenth — again, not coincidentally, a time of rapid growth in the colonies.

Growth and money

THROUGH NATURAL GROWTH and immigration, the population of the American colonies grew rapidly in the first half of the eighteenth century. In 1700, the estimated population of the colonies stood at 250,888, of whom 27,817 were Negroes.[1] By 1750, the number reached 1,170,760, a more than fourfold increase, of whom 236,420 were Negroes (a nearly tenfold rise, reflecting the rapid growth in slavery and the diminishing relative importance of white indentured servants). The official establishment of Georgia in 1732 filled out the last of the original 13 colonies. (During the same period, the population of England grew far slower, from 5,026,877 to 5,739,364. Union with Scotland in 1707 added another 1,275,000 to this total.)

Despite some urban growth, the colonies remained largely agricultural communities. In 1700, the population of the five leading port cities of New York, Philadelphia, Boston, Charles Town (Charleston), and Newport was estimated at about 21,200. In 1743, that number had risen to 53,382 (which rose in turn to 72,881 in 1760). By 1754, Philadelphia had become the third largest city in the British Empire, surpassed only by London and Bristol. Although these numbers are small in modern terms, they were large by the standards of the mid-eighteenth century. By 1754, the American colonies had become a serious economic rival of the mother country. For example, Philadelphia merchants exported a large variety of natural products of the greater Philadelphia region, including agricultural products, animals and animal products, raw materials, and wooden products, among others, importing manufactured goods and other raw materials in return. Other ports specialized in the produce of their surrounding regions.

In general, incomes, wages, living standards, and the opportunity to own land in the colonies far surpassed those of the average man in Great Britain or continental Europe. The result was steady immigration to the American colonies.

During the first half of the eighteenth century, representative assemblies (lower houses of colonial legislatures) gained increasing control over internal

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[1]Population figures are found in U.S. Bureau of the Census, *Historical Statistics of the United States: Colonial Times to 1957* (U.S. Government Printing Office, 1960), Series Z1-19. "Estimated Population of American Colonies: 1610-1780," 756. The word "Negro" is used in the Census Bureau's statistical tables.

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colonial public finances, wresting the power of the purse from colonial governors and crown-appointed councils (upper houses). Representative assembly members were accountable to their electorates, which consisted of adult male taxpayers. Registered voters, who qualified on the basis of wealth or income or freeman status (and religious and other qualifications in some colonies), constituted less than half of all males, and voter turnout was often less than one-quarter of eligible voters. Taxation was a dominant issue in election campaigns during legislative proceedings. Elected legislators strongly resisted revenue measures proposed by the governors.

Colonial assemblies discovered that paper money could provide a means of colonial provincial finance without recourse to taxation. Their discovery was not that large issues of paper money resulting in inflation constituted a tax on cash holdings of individuals. Rather, they discovered that the provincial governments could generate a steady stream of revenue in the form of interest income by taking on the function of quasi-banks.

Paper money could provide a means of colonial provincial finance without recourse to taxation.

How did this discovery come about? During the seventeenth century, the monetary system in the colonies was a mixture of foreign coins, sterling bills of exchange, promissory notes, and commodity money or "country pay." In 1690, Massachusetts issued "bills of credit" (government-issued paper money by another name) to pay returning soldiers from a failed expedition in Canada (see below). In general, colonial legislatures appropriated sufficient funds to pay government expenses on a yearly basis, and Massachusetts thus had no cash in its public treasury to meet extraordinary expenses.

Public accounts were kept in units of sterling, in pounds (£), shillings (*s.*), and pence (*d.*).[2] Other forms of money were reckoned in terms of their value in sterling, either English sterling or the different colonial sterling units. This was true despite the fact that the most important coin to circulate in the colonies was the Spanish silver dollar (mostly minted in Mexico). The Spanish dollar contained a specific amount of silver. From 1601 to 1816 a troy ounce of silver was worth 5*s.* 2*d.* at the official English rate, making a standard Spanish dollar worth 4*s.* 6*d.* in terms of English sterling. However, a Spanish dollar was typically valued at 6*s.* in colonial sterling units, sometimes less and sometimes more depending on the colony in question.

Each colony maintained accounts in its own units of sterling. For example, there was Massachusetts sterling, Pennsylvania sterling, South Carolina

[2]One pound equals 20 shillings, and one shilling equals 12 pence, so one pound equals 240 pence.

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sterling, and so on. Colonial sterling existed in two forms: 1) "proclamation money," which, according to an order issued by Queen Anne in 1704 and legislation enacted in Parliament in 1707, stated that local sterling money in the form of Spanish and other coins could not be valued at more than 133.33 percent of English sterling, and 2) "current money," which was the market value of each colony's money in terms of English sterling. Current money was typically used as the unit of account, trade, and payment of taxes.

Current money in each colony fluctuated in value against English sterling and other colonies depending on its supply and demand influenced by world markets and local economic conditions. In 1720, for example, £133.33 of Pennsylvania currency was valued at £100 English sterling. By 1729, in terms of £100 English sterling, Pennsylvania currency had depreciated to £150, reaching a low of £184.56 in 1747, subsequently recovering to £166.66 in 1752. South (and North) Carolina had a less stable experience. Upon the introduction of paper money in 1702, £150 Carolina currency bought £100 English sterling, a level it retained through 1712 when North and South Carolina were split into two separate colonies. North Carolina currency depreciated to £1,200 by 1748 and South Carolina currency to £700 by the 1730s. Exchange rates fluctuated between each of the colonies and Britain, as well as between the colonies.

From a legal standpoint, colonial paper money was not official paper money.

From a legal standpoint, colonial paper money was not official paper money. The British government did not allow colonial governments to issue official paper money, mint coins, or even establish local note-issuing private banks. Despite these restrictions, the colonists contrived to issue paper money in the form of bills known as "certificates of indebtedness."

The first bills, issued in 1690 in Massachusetts, were called Colony or Old Charter bills. They became known as "bills of public credit," or "bills of credit" for short, and were printed in denominations of 5s., 10s., 20s., and £5. Their issue was justified on the basis of borrowing for a specific public expenditure, namely, a military expedition against Quebec. The bills were not called money since none of the colonies had received the right to coin or print money. Nonetheless, bills of credit were inscribed as legal tender and valid payments for all obligations, including taxes and bills of exchange. The original issue in the amount of £7,000 was raised to £40,000 a year later. The law provided that a portion of the notes would be called in and retired (destroyed, burned) each year as specific revenues which were enacted to retire these notes were collected. These bills amounted to tax- or revenue-anticipation notes. By early 1693, most of the bills had been

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redeemed. Popular demand for bills of credit as a medium of exchange (in addition to, and in place of, less convenient bulky commodities or country pay) to facilitate commerce and payment of taxes led to their regular reissue. The issue of bills of credit in Massachusetts was followed by South Carolina (1703); New Jersey, New York, New Hampshire, and Connecticut (1709); Rhode Island (1710); North Carolina (1712); Pennsylvania (1723); Delaware (1723); Maryland (1733); Virginia (1755); and Georgia (1755). The frequency, amounts, and types of bills of credit varied among the colonies. Hereafter, the terms "bills of credit," "paper money," "notes," and "currency" will be used interchangeably.

There were two main processes for issuing paper money. One was the direct issue of fiat notes by the colonial governments, backed by specific future taxes earmarked to redeem them over a specified period of time (e.g., Massachusetts in 1690). The second was the issue of notes through a government loan office, or a "land bank," established by the colonial governments (which required an act of the colonial legislature and approval of the colonial governor). A land bank was not really a bank in that it did not accept deposits and provide other financial services. Loan office is a more accurate term. Some colonies relied largely on bills redeemed by earmarked taxes. Others relied largely on loan office notes. Most used both in varying proportions. Both sets of bills were almost always accepted in payments to the colonial government for land, taxes, fees, and other charges, and most enjoyed legal tender status in private transactions. In some instances, the British government disallowed the issue of bills of credit; in others, especially during wartime, it approved them.

The colonists could defer tax payments into the future and gain the immediate use of paper money.

Representation without taxation derives chiefly from the issue of loan-office money. In the case of tax-backed fiat money, the colonists could defer tax payments into the future and gain the immediate use of paper money as a medium of exchange to facilitate commercial transactions. The government, for its part, could gain access to expendable funds without imposing the full immediate burden of taxation. In the case of loan-office money, the colonists discovered that they could cut provincial taxes in half and, in some cases, eliminate provincial taxes altogether, using the interest collected on these notes to defray the costs of government. As a bonus, the colonies that relied largely on loan-office money enjoyed more stable currencies than those which relied more heavily on fiat, tax-backed money.

The specific details of the operations of loan offices varied among the colonies. In general, loan offices advanced currency to colonial residents, chiefly farmers, at relatively low rates of interest. Borrowers typically used the funds to improve their property and productive capacity. Loans were

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backed by mortgages on real property, by silver plate, other real assets and, in rare instances, slaves. Loans were to be repaid in annual installments over a specified period of years, with interest. Failure to repay in a timely manner could result in possession of the mortgaged asset, which would be auctioned to repay the loan office. Defaults were rare, usually no more than 2 percent of the value of outstanding loans. As was true for tax-anticipation notes, repayment required the cancellation and retirement of the bills, although they were often reissued, or new loan offices were established to reissue paid-in currency or issue new loans in order to maintain or increase the quantity of currency in circulation.

Loan-office money was a real property-backed currency, something of a forerunner for the colonial currency board monetary system that became standard practice throughout the British Empire in the mid-nineteenth century. All note issues were fully backed by real property or other hard assets valued at twice or more the quantity of paper money in circulation. The growth of population in the colonies, which increased the demand for land, largely insured against falling land values. Loan-office bills were relatively stable in terms of English sterling as compared with tax-anticipation notes.

The first public loan office was founded in South Carolina in 1712, followed by Massachusetts in 1714; Rhode Island in 1715; New Hampshire in 1717; Pennsylvania, Delaware, and New Jersey in 1723; Maryland and Connecticut in 1732; and New York in 1737. The colonies of North Carolina and Virginia did not establish loan offices, and Georgia established its loan office in 1755. The most successful loan offices were in the middle colonies, which receive the most detailed treatment in this essay.

Pennsylvania

In 1720, the economy of Pennsylvania fell upon hard times. The South Sea Bubble caused a credit crunch in England, which spilled over into the colonies. The profitable export of wheat to the West Indies diminished in the face of rising competition. Domestic commerce was hampered by the absence of a convenient medium of exchange since most silver coins were exported to pay for British imports.

Apart from duties received from protective tariffs imposed on imports from neighboring colonies, in 1723 the Pennsylvania legislature established a loan office and approved the issue of £45,000 in paper money, one-third in March and two-thirds in December, to owners of land and housing at 5 percent interest.[3] Benjamin Franklin, in defense of the policy of issuing loan-

[3]Detailed statistics about the Pennsylvania loan offices can be found in Mary M. Schweitzer, *Custom and Contract: Household, Government, and the Economy in Pennsylvania* (Columbia University Press, 1987), 115-168.

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office rather than tax-secured bills, wrote in 1729 in support of another currency issue that "Bills issued upon Land are in Effect Coined Land."

The first act was followed by further issues of £30,000 in 1729 and a final release of £11,110 5*s*. in 1739. Altogether, more than £80,000 of Pennsylvania paper money was put in circulation, which was worth about £49,000 English sterling. Periodic reissues of currency in 1725, 1731, 1739, and 1746 were authorized to replace worn, tattered, and counterfeit bills, and re-loan payments of principal with a new due date for the re-loaned mortgages. (In 1746 and thereafter, Pennsylvania issued excise tax-backed bills for the governor's use and to support British military expeditions during the French and Indian War. Relatively stable prices gave way to inflation as the volume of tax-backed bills rapidly increased.)

The issue of paper money did not drive up prices of locally produced goods.

Between 1720 and 1755, wholesale prices of commodities in Philadelphia were relatively stable. The issue of paper money did not drive up prices of locally produced goods. The external value of Pennsylvania's sterling currency suffered mild depreciation, after which it remained quite stable. In 1723, it took £140.37 Pennsylvania currency to buy £100 English sterling. Pennsylvania currency depreciated to £160.90 in 1732, falling further to £170 in 1734. It remained at or below that level for the next 10 years. Three years later, in 1747, it had declined to £183.78, but appreciated below £170 in 1751, where it remained until the advent of the French and Indian War. The depreciation of Pennsylvania currency against English sterling between 1723 and 1755 amounted to 21 percent. The fluctuations were due mainly to changes in trade relations reflecting the strength or weakness of Pennsylvania's external accounts rather than changes in the quantity of Pennsylvania currency in circulation.

The first £15,000 authorized in the 1723 act were loaned out on security of land, houses, or silver plate at 5 percent interest for a period of 8 years. The second tranche of the first act extended loans for 12.5 years. The act of 1729 further extended the repayment period to 16 years, the same period for the 1739 emission. Loans were not to be less than £12 10*s*. or more than £100 (with provision for loans up to £200, less than 2 percent of all loans, in rare circumstances). The average loan was £64 13*s*. Loans could not be granted to individuals who assigned land on trust to relatives.

The history of each of the American colonies is replete with conflicts between the proprietors and their appointed governors, on the one hand, and the settlers who paid the expenses of government, on the other. In this regard, the Penn family was in constant conflict with the Pennsylvania Assembly, which sought to minimize the taxes of their constituents. No internal taxes could be imposed without the consent of the legislature

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Fees and fines covered many of the costs of the provincial government. It collected neither property nor poll taxes between 1711 and 1755. (Township and county governments were somewhat more successful in collecting local taxes, but these were modest, one to three pence per pound of assessed wealth and a mild trade tax, and linked to local development.) However, apart from fines and fees, the limited activities of the provincial government were funded from just two sources. The most important was interest collected from the operations of the loan office. The remaining source of revenue came from import duties on and retail sales of liquor. It was argued that relative freedom from taxation, including all forms of direct taxation, contributed to Pennsylvania's remarkable growth. The two sources of revenue were sufficient to meet the annual costs of government, no more than £5,000 in peacetime. (As late as 1775, Pennsylvania's provincial expenditures were about £3,000. The French and Indian War ended this episode of representation without taxation in colonial Pennsylvania.)

Delaware

THE THREE LOWER COUNTIES on the Delaware River, now constituting the State of Delaware, had the same governor and the same land office as the province of Pennsylvania.[4] The first Delaware act of April 1723 provided for the issue of £5,000 in bills of credit, which were to be loaned in amounts ranging from £12 to £60 secured by first mortgages on real estate. To facilitate commerce, notes were issued in six different denominations ranging from 1*s.* to 20*s.* Principal was to be repaid in eight years by eight equal installments, with interest of 5 percent. Interest and principal were to be repayable with bills of credit, and the redeemed bills were to be withdrawn from circulation and burned. It was stipulated that the proceeds of interest were to be used to pay the general expenses of the provincial government.

A second issue of £6,000 was approved in November 1723 under similar terms. At the same time, a separate act of the Assembly reduced the legal rate of interest on private loans from 8 percent to 6 percent. As it became clear that most of the currency would be withdrawn from circulation by 1729, the Assembly authorized another issue of £12,000 to be lent and repaid in 16 years, stipulating that the interest was to defray the expenses of provincial government. The longer repayment schedule was enacted to slow the withdrawal of paper money, which had been found quite useful as a medium of exchange in place of bulky commodities, from circulation.

The growth of population and the repayment and destruction of £3,750

[4]Richard S. Rodney, *Colonial Finances in Delaware* (Wilmington Trust Company, 1928).

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as loans were repaid led to a further issue of £12,000 in 1734. Five years later, £6,000 in new bills was issued to replace bills that had become worn and ragged. It was increasingly recognized that the interest paid on the loan-office bills had enabled the provincial government to erect and maintain its public buildings without any need for other explicit forms of taxation.

Loan-office bills were made legal tender, and counterfeiting was declared an offense punishable by death (so written on the face of the notes). As in Pennsylvania, interest, coupled with an excise tax on liquor sales, became the main basis of provincial finances, which sufficed for ordinary peacetime expenditures. Delaware currency maintained a good reputation and circulated on par with the paper money of Pennsylvania and New Jersey.

New Jersey

ALTHOUGH THE FIRST bills of credit, backed by a specific tax for the same period, were issued in 1709 to finance an expedition to Canada, loan-office bills did not commence for another 14 years. The New Jersey Assembly met in October 1723 to consider the need for paper money to cope with the scarcity of a proper internal medium of exchange suitable for increasingly large business transactions. This session was partly motivated by the establishment of a loan-office system in Pennsylvania in March and the fact that New York had recently distributed bills of credit. The governor signed a measure establishing New Jersey's loan office on November 30, 1723.[5]

The law authorized £40,000 in legal tender currency, ranging from 1*s.* to £3 in New Jersey bills, to be loaned to any one individual in amounts between £12 10*s.* and £100. Each county in New Jersey was given a quota based on its share of the colonial population. A mortgage on lands or lots at least twice the value, and on houses at least three times the value, of the loan was required as security. Interest was set at 5 percent, well below the market rate of 8 percent. All debts were accorded a moratorium of four months to allow the new currency to be placed in circulation. For the first 10 years, £8 10*s.* was to be repaid on each £100 borrowed, with £7 10*s.* to be repaid for the last two years. Foreclosure would occur after a 30-day grace period following failure to repay any installment due. The outstanding loan could be repaid in full any time before the date of final payment, with these funds eligible for re-lending.

A portion of the funds was allocated to the government to pay off New Jersey's public debt of £4,000, thus reducing taxes collected for that purpose. Although New Jersey's law required the destruction of bills paid in to

[5]Donald L. Kemmerer, "The Colonial Loan-Office System in New Jersey," *Journal of Political Economy* (December 1939).

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retire the notes, the Assembly refused to destroy the paper money paid in for interest.

A second issue of £20,000 was authorized in 1730. This law extended the repayment period to 16 years and provided that the principal paid in during the first 8 years could be re-loaned. This took account of the fact that the majority of notes issued in 1723 had been retired, resulting in a colony-wide deflation. Payment of principal could be made in gold, silver, wheat, or old bills of credit. The second act specified that the interest money was to pay the incidental expenses of the provincial government. The fact that New Jersey currency circulated at a premium to New York money suggested that additional money could be issued without great risk of depreciation. A third loan-office bill was confirmed in 1735 for another £40,000, resembling the second law. New Jersey bills continued to circulate at a premium to those of neighboring New York. Interest payments on these loans covered the costs of government at first partly, and then later entirely, for the next 30 years encompassing 1723 through 1752. By 1753, the last loans had fallen due, most of the bills had been retired, and the colonists were once again paying taxes.

Colonial New Jersey was a precursor to the modern-day tax haven.

The British government opposed the use of interest from bills of credit as a general means of supporting the civil government in the colony. It was concerned that New Jersey's representatives, supported by the electorate, employed this scheme to avoid taxation. It was further concerned about possible over-issue of currency and subsequent depreciation that would result in losses to British creditors. In 1749, Governor Jonathan Belcher wrote to the Lords of Trade (the body responsible for regulating the colonies) that New Jersey's Assembly had not found it necessary to raise a tax on real or personal property for 17 consecutive years (no taxation continued until 1751) to support the provincial government.

For nearly three decades, the profits of the loan offices replaced the need for some, and then all, of provincial New Jersey taxes. New Jersey exemplified the emerging colonial spirit of (local) representation without taxation. As was true in Pennsylvania and Delaware, colonial New Jersey was a precursor to the modern-day tax haven. A generation of New Jersey residents escaped provincial taxation. Small wonder that its population found British attempts to introduce a variety of taxes after the French and Indian War intolerable, especially since the British refused to allow the reenactment of public loan offices.

(Issues of New Jersey bills to finance the colony's part in the War of Austrian Succession in the 1740s and subsequent massive issues of £347,000 during the French and Indian War were in the form of tax-antici-

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pation notes. All subsequent attempts to issue loan-office bills were denied by the British government until 1775, by which time the Revolutionary War had begun and the issue became moot.)

Maryland

TOBACCO, THE PRINCIPAL CROP, became a medium of exchange early in Maryland's history and remained the principal medium even after the issue of paper money. Tobacco payments were made largely as book entries between buyers and sellers but also passed in bulk form as country pay. To facilitate the transfer of bulky money, the colony established public warehouses in 1747 to which all tobacco had to be sent before shipment. Transferable (or nontransferable) receipts were issued for deposits of tobacco. Transferable (bearer) notes specified the amount, condition, and quality of tobacco received and passed, like cash, as a medium of exchange. Their value varied with the market price of tobacco, set by external demand.

To reduce the reliance on tobacco money, which was perishable, bulky, and unstable in value, the Maryland legislature in 1733 authorized the printing of £90,000 currency in accordance with Queen Anne's proclamation of 1704 (£133.33 Maryland currency equaled £100 English sterling).[6] Thirty shillings was to be given outright to every taxable individual, which put £47,924 into immediate circulation. In return, each taxable head of household who raised tobacco was required to burn 150 pounds of his "trash" tobacco annually, a policy designed to maintain the quality and price of Maryland tobacco. The remainder of the money might be lent out by the commissioners of the loan fund at 4 percent interest on the security of silver plate, leaseholds, or real estate. During the first 10 months, £7,374 was loaned out. (By March 22, 1737, only £16,160 had been lent, while £3,054 had already been repaid in principal and interest.) After a year, any remaining notes might be invested in bills of exchange and remitted to London to establish a fund with which to redeem the bills.

Between September 29, 1748, and March 29, 1749, all persons with paper notes in their possession good for 15 years, £30,000 of the original issue, were to redeem them at the office of the commissioners and receive back one-third of their value in sterling bills of exchange at the stipulated Queen Anne rate (£133.33 Maryland currency to £100 English sterling, regardless of the market rate between Maryland notes and English sterling) and two-thirds of their value in new Maryland bills. Between the same days of 1764 and 1765, the two-thirds of the bills remaining in circulation were

[6]Clarence P. Gould, *Money and Transportation in Maryland, 1720-1765* (Johns Hopkins Press, 1915), 78-121.

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to be redeemed in the same way.

The credit of this note issue was to be supported by an export duty of 1*s.* 3*d.* on each hogshead (63 gallons) of tobacco exported for a period of 31 years ending September 29, 1764, which was to be used to purchase Bank of England (established in 1694) stock and make other well-secured private loans in England. Between 1734 and 1749, Maryland sent sterling bills of exchange to its agents in London for £28,907, which they invested in bank stock. Semi-annual dividends from this stock added another £7,697 sterling to the colony's reserve funds. The overseas funds that had accumulated were more than sufficient to redeem the required one-third of the notes in 1748-1749, which were paid out in sterling bills of exchange obtained from the sale of bank stock and the issue of new local bills.

While other colonies enforced payment schedules and foreclosed on delinquents, Maryland did not.

Apart from the cash grants and loans, the legislature allocated several thousand pounds of the note issue for a house for the governor and to erect and repair certain public buildings and jails. To put the remaining loan-office funds in circulation, the legislature authorized the commissioners to pay the general expenses of the provincial government. They did so in full for 1735, 1736, and 1737, which put another £9,403 in circulation, and eliminated provincial taxes for those three years. The commissioners further assisted in the general charges of government between 1740 and 1746, helping to finance military expeditions against the West Indies in 1740 and Canada in 1746, again reducing tax burdens of Maryland residents.

The issue and reissue of funds raised the total funds on loan to £19,728 in 1739, which amounted to about a quarter of all the Maryland bills of credit in circulation. By 1748, the interest received from loans amounted to £5,663, which could be re-loaned or used to purchase more Bank of England stock. As of 1751, some £16,248 still remained on loan, generating a continuous stream of interest income for the loan office.

Pennsylvania, Delaware, and New Jersey enforced payment schedules and foreclosed on delinquents. Maryland did not. It was estimated in 1758 that up to half the borrowers were in arrears on their principal and interest payments. This did not trouble the Maryland legislature or the commissioners because the compounding of interest represented a future stream of revenue that would permit lower provincial taxes. Few losses seem to have occurred from this lax policy. Only one foreclosure is on record.

Maryland used some of the interest receipts to purchase additional Bank of England stock. When the old Maryland paper money was fully redeemed in 1764, the commissioners still retained substantial bank stock and other financial assets in their English account. Any remaining funds after all the

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Maryland paper money had been redeemed were to belong to the province and be at the disposal of the Assembly. Against this collateral, the colony issued about a half-million dollars during 1765-1768, the first government to issue dollar currency in America, although the dollar notes were not declared legal tender to conform with the parliamentary act of 1764, which proscribed the issue of new colonial legal tender notes. Thereafter until 1775, all Maryland currency issues traded at par with specie. Maryland was an even closer precursor to the standard British colonial currency board of a century later.

New York

NEW YORK FIRST issued bills of credit in 1709 to finance an expedition to drive the French from Canada. Subsequent issues were backed by a sinking fund from a duty on wine, rum, brandy, and other distilled liquors for 17 years. New York bills traded at a premium to those of New England and neighboring provinces.

In 1737, the growing power of the assembly resulted in a change in the appropriations process, with annual appropriations replacing the prior custom of a five-year grant to the governor. By this time, the redemption of previous bills had reduced the quantity of New York notes in circulation, and the bills of neighboring provinces were becoming the chief medium of exchange inside New York. In response, the legislature approved a loan-office issue of £40,000.[7] Loans required collateral in the form of land, houses, or other valuable improvements worth double the value of the loan. Loans were to be made on the security of real estate and silver plate for 12 years in sums between £25 and £100. One-fourth of the loan was to be repaid in April 1747, a similar sum in April in the three succeeding years. Repaid bills were to be canceled. Another £8,350 was issued to meet the expenses of government, to be retired with the interest from the loans. Indeed, in 1743, the loan period was extended for another four years in order to prolong the collection of revenue from interest.

Governor George Clarke of New York reported that loan-office interest earnings had greatly eased the tax burdens of the people of New York, much to the satisfaction of all concerned parties, himself included. Governor Charles Hardy in 1756 acknowledged that loan office debtors did not fear foreclosure because they knew that the provincial government preferred to have the interest revenue, which amounted annually to £1,800, a substantial portion of annual expenses. As late as 1774, New York's annual peacetime provincial expenditures came to about £5,000.

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[7]John H. Hickcox, *History of the Bills of Credit or Paper Money Issued by New York* (Burt Franklin, 1866, reprinted 1969), 26-27.

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Rhode Island

RHODE ISLAND'S LARGE issues of paper money and their subsequent depreciation led Parliament in 1751 to enact a ban on the issue of all new paper money in the New England colonies (and subsequently, in 1764, in all the remaining colonies).

Rhode Island's first paper money, issued in 1710, was fiat currency backed by future taxes.[8] Its subsequent issues were mainly loan-office disbursements for 10-year mortgage loans at 5 percent interest. Interest on the first loan was earmarked for the repair of Fort Ann. This loan was known as the First Bank.

A subsequent issue in 1715, re-dated 1721, known as the Second Bank, was extended for five years, with interest payable in flax and hemp. These loans were later extended to 23 years in duration. The Third Bank, approved in 1728, issued £49,000 to replace all prior issues and provide funds for further repair of Fort Ann. The Fourth Bank (1734) issued £60,000 at 5 percent interest as 10-year delayed mortgage loans. The Fifth Bank (1733) issued £104,000, with interest earmarked for cannon at Fort George. The Sixth Bank (1738) issued £100,000 for 20-year mortgages at 5 percent interest. The Seventh Bank (1740) issued £24,000 on 20 years at 4 percent. The Eighth Bank (1743) issued £40,000 on similar terms.

Due to these large issues, in contrast with the middle colonies, Rhode Island notes did not maintain their value. Depreciation of Rhode Island currency resulted in the creation of notes designated New Tenor, each of which was worth four times the previous issues, the Old Tenor notes. The Ninth Bank (1750) issued £50,000 New Tenor notes in five-year mortgages at 6 percent interest; a year later the loans were doubled in duration and the interest reduced to 5 percent.

Rhode Island loan offices did not directly re-lend repaid bills. Rather, each time the currency in circulation declined due to repayment, a new bank was authorized and its issue of bills increased the total supply of money in circulation compared with authorization of the prior bank. The nominal value of Rhode Island paper money for each 1,000 persons peaked at £31,500 Rhode Island currency in 1760, but its real exchange rate value amounted to £59 English sterling. This was a decline from a peak of £166 English sterling in 1740 when £18,300 Rhode Island currency circulated for each 1,000 population. Between 1740 and 1760, the quantity of local currency per 1,000 population had risen 72 percent, while its value in English sterling had declined 64 percent.

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[8]Leslie V. Brock, *The Currency of the American Colonies, 1700-1764: A Study in Colonial Finance and Imperial Relations* (Arno Press, 1975), 37-43.

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Despite the steady depreciation of Rhode Island bills, the colony's legislature authorized one issue after another because the interest paid by the borrowers was sufficient to pay the cost of Rhode Island government during some peacetime years. This eliminated or reduced the need to impose provincial taxes, a measure popular with the taxpaying electorate.

Massachusetts, Connecticut, New Hampshire

In response to a plan by private businessmen to set up a note-issuing bank, which they planned to call a land bank, the Massachusetts colonial government determined to control the issue of notes and the public purse by establishing a public loan office.[9] An act of November 4, 1714, authorized the trustees of a public loan office to lend £50,000 for 5 years at 5 percent interest, with loans ranging between £50 and £500. Despite the five-year limitation, loans were rolled over (continuously made). The act specified that interest income was to help liquidate public charges. The act banned the establishment of private land banks. On December 4, 1716, a second issue of £100,000 was approved, for 10-year loans at 5 percent, stipulating that the profits were to help pay the cost of government.

This second issue resulted in the immediate depreciation of Massachusetts bills against English sterling and silver coin to 12 Massachusetts shillings per ounce. Another £50,000 was approved in March 1721, a 10-year loan at 6 percent on ample security, and another £60,000 in 1728. In addition to payment of principal and interest, these loans were to be redeemed by taxes on polls and real and personal property.

Numerous other bills were issued to meet the yearly cost of government and to replace retired bills. Over time, the total amount of bills outstanding increased from £229,500 in 1720 to £575,809 in 1740 to £2,119,800 in 1749. (In 1751, Parliament banned all new currency issue in the New England colonies.) The nominal value of Massachusetts bills per 1,000 population peaked in 1765 at £168,000, which was worth £82 English sterling. This is a ratio of 2,049:1, the culmination of a steady decline from 48:1 in 1720, 113:1 in 1740, and 205:1 in 1750. An ounce of silver reached 60 shillings per pound in 1749. In 1760, one Massachusetts pound had depreciated to £0.08 English sterling.

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[9]Joseph B. Felt, *Historical Account of Massachusetts Currency* (Perkins and Marvin, 1839, reprinted by Burt Franklin, 1968); and Roger W. Weiss, "The Colonial Monetary Standard of Massachusetts," *Economic History Review* (November 1974).

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Along with Massachusetts and Rhode Island, the colonial bills of Connecticut and New Hampshire also experienced rapid depreciation outside New England. Connecticut issued loan-office money in 1733 and 1740 totaling £127,000 Old Tenor Connecticut bills. Given rapid currency depreciation, it is not surprising that interest and principal payments fell into arrears. New Hampshire established its loan office in 1717, putting out £15,000 for 11 years at 10 percent. New Hampshire restrained its note issues until the accession in 1741 of a new governor who was more friendly toward paper money. He and the legislature jointly connived, after he received substantial funds for his support, to approve new loan-office issues in 1742. The outbreak of war in 1744 resulted in huge emissions of bills that markedly depreciated the currency. Representation without taxation in the New England colonies was not as successful an experiment as it was in the middle colonies.

Other taxes

THE FOCUS OF this essay has been on the use of loan offices by colonial governments to reduce and even eliminate the need for other forms of direct and indirect taxes to support provincial governments. The middle colonies were more successful using this fund-raising mechanism than the New England colonies and the Carolinas. Although counties and towns imposed their own taxes, these were generally light, dedicated to specific infrastructure and services, and rarely deemed objectionable (except for required religious support and for maintaining poorhouses). In addition to internal provincial taxes, the British government imposed implicit and explicit taxes on its American colonies. These consisted of duties imposed on goods exported from the colonies to England and other destinations and customs duties paid on imports arriving in England. Although these taxes remained modest during the first half of the eighteenth century, many of the duties were successfully evaded.[10] The revolt against external imposts and British government efforts to levy internal taxes in the colonies to support its standing army in North America did not threaten a rupture with the mother country until, and especially in the aftermath of, the French and Indian War.

[10]An excellent source is Thomas C. Barrow, *Trade and Empire: The British Customs Service in Colonial America, 1660-1775* (Harvard University Press, 1967).

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BOOKS

Evil and the Postmodernist

By PETER SAVODNIK

IGAL HALFIN. *Terror in My Soul: Communist Autobiographies on Trial.* HARVARD UNIVERSITY PRESS. 352 PAGES. $45.00

WHERE DID Auschwitz come from? And Pol Pot? And Rwanda? Mass death, orchestrated death, demands explanation; explanation offers order. However mindless or unimaginable genocide may be, we seek meaning, solace, even salvation in structure — organizing the craziness, the absurdity, into some sort of framework, piecing together an explanation or thesis that takes into account the historical, political, cultural, and economic factors underlying the evil at the heart of it all. Indeed, the more evil, the more bodies, the more we want to know — the more we need to know — the etiology of the crime. This is how we protect ourselves, or hope to protect ourselves, from the animals, the monsters, with their Zyklon-B and their gulags and their child-warriors whose only job is to mow down human life.

As Igal Halfin aptly notes in *Terror in My Soul: Communist Autobiographies on Trial*, the origins of the Great Purge, perhaps more so than those of the Holocaust or the killing fields, remain something of a mystery. We know *why* the Soviet Union executed, from 1935 to 1938, hundreds of thousands of its most devout communists: to rid the workers' work in progress of subversive elements. What's confusing is *how* the regime wound up at this particular why — that is, how a socialist dictatorship that had been aggressively defended by so many intellectuals wound up putting those intellectuals to death, how so many thinkers, writers, academics, and party faithful who had celebrated the dawn of the Soviet era acquiesced or, in many cases, took part in the systematic disembodiment of the Russian intelligentsia. Unlike other crimes against humanity, the Great Purge was not so much one power, state, or clan imposing its brutality on a helpless mass as it was a self-empowered elite effecting its own destruction. How did this happen?

Alas, the answers to these questions — very good questions, questions Halfin deserves credit for raising — are nowhere to be found in *Terror in My Soul*. While the book promises to make sense of one of the most horrific, and most bizarre, chapters in socialist totalitarianism, the unfortunate, unavoidable fact of the matter is that it's little more than a series of confusions and unverifiable statements wrapped up in an irritating postmodern garb. By now, this particular recipe, this latest iteration of the emperor's new clothes, is well known: Take an engaging idea or

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motif, some curious or colorful notion or point (or semi-point), and weave that semi-point into a full-blown argument that's not actually an argument but a tortuous trek to nowhere — the yellow brick road minus the Emerald City.

In this case, Halfin's *idée centrale*, stated not so clearly in his introduction,

People in the Soviet Union said and wrote things in the 1920s and early 1930s that enabled the regime in the mid- and late 1930s to put those same people on trial for crimes against the state and, ultimately, to kill them.

is that language matters. "Although it is widely assumed that a subject controls what he says by knowing what he means, I suggest, by contrast, that what is often said of the economic and social activity of man can also be said of language: namely, that Communist discourse had unintended consequences," he writes. "Neither the producers nor the consumers of this discourse could have fully known the implications of what they were saying and doing." Halfin concludes that "once entrenched in the tissue of power, messianic dreams that structured the Communist discourse and provided it a frame of moral reference that set standards of conformity could not be easily curbed, even when some of their horrific implications asserted themselves with a vengeance."

The bottom line is that people in the Soviet Union said and wrote things in the 1920s and early 1930s that enabled the regime in the mid- and late 1930s to put those same people on trial for crimes against the state and, ultimately, to kill them.

This is pretty provocative stuff — imaginative, daring, troublingly reminiscent of Hannah Arendt's discussion of European Jews shuffling sheep-like into the gas chambers. It's not necessarily groundbreaking: Benjamin Whorf's linguistic relativity, which Halfin neglects to cite, encompasses many of the ideas in this book, as do many of the themes and questions dealt with by Noam Chomsky, ordinary-language philosophers, and other analytic philosophers in the United States and Britain. But it's bold insofar as the particulars are concerned: Superimposing a linguistic theory about the relationship between word and thought on Stalinist Russia leads us into some complicated corners. It's hard to imagine, for example, that so many Marxists, determined to extirpate their "bourgeoisness," to transform their souls and prove themselves members of the communist elect, could construct a vocabulary that would facilitate their undoing. It's nearly impossible to conceive of "free agents" so consumed by ideology that they were unaware that these symbols would — in an organic, almost literal sense — eventually turn on them. Were they simply blind? Or were they somehow determined to expose themselves

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and all their ideological impurities for the secret police and their puppet judges to see, to denounce their thoughts and ideas, their "autobiographies" — not to save their skins but to save some classless utopia from their own subversion, an invisible subversion that couldn't be bleached away or dissolved into the rapids of the recent past but instead had to be repeatedly, violently vomited out of their systems?

UNFORTUNATELY, *Terror in My Soul* never gets into all that. The great irony of this book is that Halfin, an associate professor of history at Tel Aviv University, is so mired in the language he uses to describe the language that's used that we never learn much about a) the nature, meaning, or grammar of this new-fangled communist-speak or b) the all-important connection between this language — the books, articles, and speeches that came out of this period — and the Great Purge. There's lots of rumination about the "hermeneutics of the soul," the "poetics of the traditional Communist autobiography," "eschatological metaframeworks," and, of course, "discourse" — communist discourse, official discourse, party discourse, and so on. But there's scant attention paid to making the case that words — spoken, written, or otherwise — somehow fostered murder.

To be fair, there are some promising passages here. Halfin's chapter on the oppositionist soul, for example, offers some insight into the intersection between language, psychology, and ethics in early Soviet life. At the heart of this junction was a crucial tension pitting the proletariat against the intelligentsia. Halfin's discussion of the Soviets' effort to transcend these differences and forge a New Man by way of collectivization, five-year plans and the "debunking" of Trotskyist ideology is brief but helpful. As he sees it, the great schism that separated the proletarians and the intellectuals was resolved only after the thought police had moved beyond "verifying" consciousness via class and adopted a more sophisticated weeding out focused less on birth or background and more on acquired mannerism, behavior, dialect, and speech pattern. "Strange facial expressions, lip-biting, brow-mopping, and stammering were the sure signs of counterrevolutionary students," Halfin writes. "'I do not know this person,' admitted many an interogator. 'But I can tell by his eyes he is an enemy of the people.'"

There's lots of rumination about the "hermeneutics of the soul," "eschatological metaframeworks," and, of course, "discourse." But there's little to make the case that words (spoken, written, or otherwise) somehow fostered murder.

Other observations — you might call them "moments" — also raise some important questions: Halfin's sug-

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gestion that Soviet life was defined not so much by ineluctable scientific-legalistic forces à la Marx as by a peculiar communist-authoritarian morality; his discussion of Emmanuil Enchmen's theory of new biology; his analysis of Bolshevik attitudes toward sex and the connection between sex and "heterodoxy"; and his particularly thoughtful section on the hundreds of thousands, possibly millions, of "verifications" of Soviet souls that took place prior to the Great Purge.

But these are only moments, and in a way these moments (or semi-semi-points) underscore what this book really is — not so much a thesis or argument or even an exposition of some hitherto unexplored school of thought as a series of mildly intriguing *pensées* stitched together by a hopelessly convoluted mesh of words and neologisms that doesn't illuminate or clarify but distracts and annoys.

What to make, say, of this passage from Halfin's section on the mind-body problem? "Different as the theoretical vocabularies proposed by physiologists were, they converged in a depreciation of mentalism," he writes:

> Suspicious of any romanticization of consciousness as a self-transparent and omnipotent mystical entity, scholars construed it entirely in terms of reflex theory. Stripped of its position as the epistemological tool that organized reality, consciousness was reinterpreted as a property of well-organized matter, a token of the fact that a given neural system was sophisticated enough to account for its own functioning. The only remaining affinity between the sociological and the reflexological notions of consciousness was self-referentiality.

There's probably something here, some grain of an idea that merits closer attention. But what? This book is so given over to the vernacular of critical theory — a vernacular whose recurring turns of phrase and style of expression leave the misleading impression of coherence or organization — that it's nearly impossible to make much sense of it.

And what about this tidbit toward the end of the book?

> Communist autobiographical confessions cannot be regarded as accurate descriptions of a consistent life. Such a view is predicated on the assumption that one's moral essence remains the same through time and circumstance. By contrast, this study shows the Communist self to have been structured around a discontinuity, not a locus of a preexisting moral identity but something constantly in the making. Only by treating the historical actor not as a stable ethical persona but as an agent and product of an ever-changing official moral discourse can we reconstruct the actual dynamic [that] led to the Great Purge.

This means — I think — that in the Soviet Union ethical norms changed over time and that it is therefore difficult, indeed unfair, to evaluate a "historical actor's" ethical conduct on the basis of any single set of principles. The suggestion that a strictly "moral" society was defined in part by its moral rel-

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ativism is eyebrow-raising enough. The larger problem here is that there's so much imprecise language: What, for example, is "a discontinuity" as against a "preexisting moral identity"? And how does one define "official moral discourse"? Readers may be left feeling as if Halfin has (sort of) touched on a (possibly) engaging notion or premise but opted out of much, if any, serious explication. In fact, the whole book smells a bit unserious: There's no index, for one thing. And, at times, Halfin seems more taken with "sexology," semiotics, and literary criticism, with all its poststructuralist, neo-Marxist, anti-rationalist overtones, than with history.

All this, of course, is to our great detriment. A book like *Terror in My Soul*, at its best, offers hope that we might better understand the awful, mind-controlling grip that once was totalitarianism. For now, readers would be far better off with Pasternak or Solzhenitsyn (or Isaac Babel or Osip Mandelshtam). Stalinist Russia is simply too repugnant, too evil, to be dealt with by those infected with the latest strain of Left Bank silliness. After all, this is a particular species of hell, or ideology, that most Westerners, and certainly most Americans, simply cannot grasp. We are so unburdened by history and so driven, or determined, by prevailing beliefs about individuality, natural rights, private property, liberty, and the like that we simply cannot comprehend on any meaningful emotional or visceral level what it means for human beings to surrender themselves to an idea. Not a way of life or a constitution or a government but an abstraction, like a floating construct or cathedral that is beautiful and just only in the eyes of a handful of theorists and ideologues — an abstraction so ridiculously, so completely, divorced from reality that the idea of giving one's life to defend it could only be described as ludicrous and depraved.

Another Way To Burn a Book

By Stephanie Segall

Diane Ravitch. *The Language Police: How Pressure Groups Restrict What Students Learn.* Knopf. 272 pages. $24.00

In the early 1970s a publishing house approached author Ray Bradbury asking to reprint his short story, "A Fog Horn," for a high-school textbook. Bradbury refused upon learning that the editor of the reader deleted two phrases from the story: "in the Presence" and "God-Light." This particular incident prompted Bradbury to add a coda to his most well-known work, *Fahrenheit 451*, in which he wrote:

> There is more than one way to burn a book. And the world is full of people running about with lit

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matches. Every minority, be it Baptist / Unitarian, Irish / Italian / Octogenarian / Zen Buddhist, Zionist / Seventh-day Adventist, Women's Lib / Republican, Mattachine / FourSquareGospel feels it has the will, the right, the duty to douse the kerosene, light the fuse. Every dimwit editor who sees himself as the source of all dreary blanc-mange plain porridge unleavened literature, licks his guillotine and eyes the neck of any author who dares to speak above a whisper or write above a nursery rhyme.

Bradbury is just one of many whistle-blowers who have felt an obligation to speak out against the witless censorship of overly sensitive interest groups. A compelling addition to the literature is New York University education professor Diane Ravitch's exposé on censors of American public education, *The Language Police*. Ravitch has a strong background in public education. She was assistant secretary of education for research in the administration of President George H.W. Bush. Bill Clinton appointed her to the National Assessment Governing Board, where she advocated the creation of a nonpartisan national testing standard for American children. She is also the author of six books on the state of American education. These credentials lend weight to the case she makes against the censorship that now pervades all aspects of the American educational system.

DURING THE PAST 25 years, an elaborate and pervasive system of censorship has been put into motion to shield school-aged children from dealing with any "emotionally charged" content within the confines of the schoolyard. Women cannot be depicted as caregivers, only as breadwinners. Men must be stay-at-home dads, never lawyers or doctors. African-Americans can *never* be athletes and Asian-Americans cannot be studious because it would reinforce stereotypes. Textbook publishers rejected a story about a blind man climbing a mountain because it implied that the visually impaired are somehow disadvantaged. They also rejected the story, rich with literary imagery, because it showed bias against children who live in places at or near sea level, as they may have never experienced a mountain range before. This censorship stems chiefly from both liberal and conservative interest groups. The interest groups pressure textbook companies, testing agencies, and state and local government agents in order to ensure that their sensitivities are enforced throughout the system.

Ravitch begins her investigation by familiarizing the reader with topics and words that have been censored, watered-down, or forbidden. While the avoidance of some topics seems self-evidently appropriate — for example, abortion — the avoidance of others seems ludicrous: unemployment? Ravitch explains that the responsibility for judging subject matter and language appropriate or inappropriate falls to the bias and sensitivity review committees that all testing companies and textbook publishers now employ. Their standards are similar across the board. It is their responsibility to achieve three ends: representational fairness, proper language usage, and stereotype prevention. While these three goals seem

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admirable, the members of these committees have exorcised almost all educational material of substantive content. Ravitch describes the guidelines the bias and sensitivity review committees implement as "censorship guidelines. Nothing more, nothing less. The language censorship and thought control should be repugnant to those who care about freedom of expression."

Judging by the standards set by bias and sensitivity review committees, as evidenced by the preceding examples, it is a wonder that any literature produced before 1970 is taught in public schools for fear of being perceived as gender or racially biased. Equally bad, in order to avoid stereotyping, textbook publishers often minimize the adversity women and minorities had to face throughout history. Instead of teaching children of the trials women faced, they are presented with a diluted, falsified history in which women were always equal participants. Attempts to educate children against racial stereotyping result in texts offering a laundry list of similarities among people of all different heritages as opposed to a celebration and acceptance of difference. The words "Forefathers," "brotherhood," and "man-made" are slowly being purged from textbooks.

Ravitch goes on to explain that achieving representation fairness often comes at the cost of literary merit. She proves the case by quoting the internal memos of editor Bernard J. Weiss: "I like the ethnic aspect. I like the use of a girl as the lead. I don't like the story. The urban setting is a plus. . . . I agree that this story has very little literary merit. . . . However, it does help us achieve some ethnic balance in a very *unbalanced* book." While it is important to expose children to a diverse variety of age-appropriate storylines, it is reprehensible to bowdlerize or censor authors' works. Literature should not be rewritten because the author depicts a 12-year-old behaving badly or uses more female characters than male characters.

Ravitch is careful to scrutinize both conservative and liberal interest groups. She devotes equal time to both sides of the political spectrum, explaining and providing evidence as to how both radical feminists and the Christian Coalition pursue and achieve their ends. Upon first explanation, it seems highly unlikely that polar opposites of the political realm could find contentment with the same school curriculum. Ravitch explains that interest groups from the right attempt to control the content of the curriculum while interest groups from the left attempt to control the language used in textbooks and testing materials. She exposes the surprisingly common aims of the left and the right: The right hopes to present students with an idealized version of the past in hopes of modeling the present on what used to be, while the left attempts to construct a utopian version of the future. "For censors on both the right and the left, reading is a means of role modeling and behavior modification. Neither wants children and adolescents to encounter books, textbooks, or videos that challenge their vision of what was or what might be, or that depict a reality contrary to that vision."

Ravitch's argument is steeped in historical evidence, which makes her claims all the more compelling. She

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speaks of a group called the Minute Women of the USA, who wreaked havoc on the public school system in the 1950s by bullying local governments and attacking anything they felt was "socialistic" or "communist." Ravitch also focuses on the 1980s, when New Right groups such as the Rev. Jerry Falwell's Moral Majority and Phyllis Schlafly's Eagle Forum vehemently attacked secular humanism because it did not speak in "moral absolutism." The left has been attacking books such as Mark Twain's *Adventures of Huckleberry Finn* since the 1950s. Partisans carefully avoid addressing the book's obvious literary merit and instead skewer Twain as a racist for his historically accurate representation of Jim, an escaped slave. Left-wing censors, to this day, insist on bowdlerizing Twain's text by deleting the language he used and replacing it with something less controversial.

The well-oiled political machinery of pay-to-play is present in the politics of textbook adoption. In Texas and California, publishers compete to win huge contracts to provide textbooks for the entire state's educational system.

Ravitch speaks of a left-wing censorship campaign spearheaded by the Council on Interracial Books for Children (CIBC). CIBC went so far as to accuse fairy tales such as "Little Red Riding Hood," "Cinderella," "Jack and the Beanstalk," and "Beauty and the Beast" of being inherently sexist. Ravitch makes the compelling point that it is normal for parents to want to protect children from potentially harmful sources in the classroom, but interest-group "book censorship far exceeds reasonableness; usually censors seek not just freedom from someone else's views, but the power to impose their views on others."

The obvious question is why publishers allow these groups this much control. Ravitch does a thorough job of explaining how the censors succeed. Interest groups pressure local and state government, and the well-oiled political machinery of pay-to-play is present in the politics of textbook adoption. For instance, in Texas and California, publishers compete to win huge contracts to provide textbooks for the entire state's educational system. Publishers must adhere to the wishes of the local and state governments, which face pressure from interest groups, in order to win contracts. These states, in particular, exert a huge amount of control over the publishing industry because they are the two states that award the largest contracts. Textbook publishers stand to gain the most by winning contracts in these states, so they are careful to appease the censors that reside in Texas or California. They spend millions of dollars making a bland text that will not ruffle any feathers. This results in a natural oligopoly of the textbook industry because only a few

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companies will receive the biggest contracts. The remaining 48 states, which operate under a multitude of different guidelines, end up with little choice other than the textbooks California and Texas choose to adopt that year.

Ravitch's chapter on literature is perhaps the most eye-opening. When Ravitch describes the editors who take out or change words, it is enough to make one's blood boil. What gives a textbook editor the right to bowdlerize some of the best-loved literary works in history? Why would a school deprive a student of the original versions of Harper Lee's *To Kill A Mockingbird* or Shakespeare's *Romeo and Juliet*? Ravitch explains that interest groups are also trying to exert control over the curriculum by ensuring that the literature children read is "relevant" to their race, gender, and socioeconomic circumstances. Ravitch counters, accurately, that literature is relevant if it "broaden[s] students' horizons beyond their own immediate circumstances and reveal[s] to them a world of meanings far beyond their own experiences."

Ravitch's description of what is happening to the history curriculum is especially chilling. In order to appease all interest groups, textbook editors cram 2,000 years' worth of history into a single book. Some of the most important events in world history are reduced to the space of a single page. Facts have been traded in for teaching aids and sleek graphics. Mundane biographies line the margins of the forgettable pages. Another phenomenon is the distinct anti-Americanism emerging in most textbooks. American history is no longer centered on our history of progress. On the other side of the spectrum, no society can be portrayed as primitive (even when the characterization is historically factual) or capable of much wrongdoing. "The sanitizing of world history texts has stripped them of their ability to present a critical, intellectually honest assessment of controversial subjects. . . . The students who read most of the texts . . . would never know that there are serious political, social, and economic problems in the world." Interest groups and textbook editors are indifferent to the problem that the rewriting and condensation of history is more dangerous than the racism and sexism they are trying to avoid.

Ravitch lays out a three-pronged attack to end this censorship: competition, sunshine, and educated teachers. She advocates a free, competitive market for textbook publishers, one that would require a ban on statewide textbook adoption. Her sunshine strategy involves creating a free flow of information about censorship in American schools. Ravitch thinks that exposing the public to the truth about what lies between the covers of textbooks would be a fast way to spur change. Last, she believes that teachers who are truly masters of their subject will break from the monotony of the censored textbook. A teacher who is well versed in the subject is much more apt to engage students' minds.

At the end of her text, Ravitch includes two appendices: a glossary of banned words and the Atkinson-Ravitch Sampler of Classic Literature for Home and School. The latter appendix is a thoughtful addition to the book. Ravitch and her colleague Rodney Atkinson have put together a list of recommended reading for chil-

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dren in Grades 3-10. The list is comprehensive and well-chosen. It shows that Ravitch and Atkinson are in touch with American youth. It would do the American educational system an enormous amount of good to pay attention to this list and put serious, challenging literature back where it belongs: in the hands of impressionable young people.

Finding a Founder

By Sam Munson

William Howard Adams. *Gouverneur Morris: An Independent Life.* Yale University Press. 296 pages. $30.00

Gouverneur Morris is one of the unsung heroes of the American Revolution, although he was neither wholly general, orator, nor political philosopher. A little of all three, he was merely (if merely is the appropriate adjective) a man of immense natural gifts: a powerful charisma, an iron resolution, vast industry, tremendous sensibility, and a devotion to the ideals of the American experiment so fierce but so ambivalent that one could only find its like in early Republican Rome. William Howard Adams's *Gouverneur Morris: An Independent Life* shows a marked lack of the quality — sensibility — possessed in such great abundance by Morris. Nonetheless, Morris's story is substantial enough to bear telling and retelling, however dry the teller may be.

Morris was born in New York in 1752 to Lewis Morris, an inheritor of one of the most respected names in the colonies as well as one of the largest fortunes. His mother, Sarah Gouverneur, was the descendant of Huguenots, although her Protestantism was far less rabid than that of her forebears. Educated in a lycée at New Rochelle, the prestigious Philadelphia Academy, and King's College (now Columbia University) in New York, Morris showed early aptitude at his studies — although his innate "taste for pleasure," as he put it, prevented him from ever being much of a grind. Indeed, even in his childhood and early adolescence, his personality was already fascinating his peers and annoying his superiors. Finishing school at 16 and beginning a clerkship in the offices of William Smith Jr., New York's most prominent attorney, Morris seemed poised to become another of the extraordinary breed we know as "colonial gentry." But by the time Morris was in his middle twenties, history had begun to happen. Morris's mettle was about to undergo the most serious and difficult testing imaginable.

Morris's roles in the revolution, particularly in the various Congresses and the Constitutional Convention, are incredibly various. In the spring of 1775, he served as a delegate to New York's first Provincial Congress, where he helped organize the in-state resistance to the British and to convince the Provincial Congress to adopt the Continental Congress's Declaration of Association. Later that year, he was appointed to the Continental Congress

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as an expert in finance, to help them take on the problem of issuing a currency to fund the revolution. By early 1776, he was serving as a liaison between his new friend Alexander Hamilton and George Washington, helping them to coordinate the Continental and New York armies. In these three endeavors, Morris played a vital role in the early years of the revolution — the successful assimilation of New York, one of the wealthiest and most divided colonies, to the revolutionary cause.

Once the American cause got off the ground, he continued to play an extremely important role. He spent most of 1777 to 1779 saving the new government from its failures of resolve. He more or less single-handedly convinced the Congress to allocate money to the wretchedly underfunded Continental Army when it was at the point of its most desperate need — late 1777, encamped in Valley Forge, after a run of shameful defeats at the hands of the British. He put his formidable skills as an advocate to work when a series of bills aimed at "reconciliation" with the American Colonies went the rounds in Parliament in 1778. When one thinks that he was only 26 at the time, and a New York landowner with a "taste for pleasure" laboring day and night in the desolate village of York, Pennsylvania, these accomplishments take on positively heroic dimensions. But they pale beside the culminating work of his career as a statesmen: the drafting of the Constitution of the United States of America. He contributed perhaps more than any other single framer to the sculpting of the executive branch, an office with which, in light of his aristocratic, republican temperament, he would have felt a naturally close connection. He also wrangled with Patrick Henry and James Madison over the two subjects that have caused America more grief than all others together: slavery and religion. Morris, despite his patrician birth, was a staunch abolitionist and proponent of toleration — deeply offensive to Patrick Henry and the committed anti-Catholic John Jay. The leading member of the brilliantly named Committee on Style, Morris condensed the first drafts of the Constitution into the compact and powerful final form over the course of September of 1787. Equally important, he forced a vote on the final form of the Constitution, and convinced the still-wavering delegates of its worth. Morris was, perhaps, the closest thing to a midwife the American government ever had.

Morris more or less single-handedly convinced the Congress to allocate money to the wretchedly underfunded Continental Army when it was at the point of its most desperate need: late 1777, encamped in Valley Forge.

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Morris's post-Convention life was, to put it mildly, action-packed — he relocated to France for the years 1789 to 1794. He became romantically entangled with Adelaide de Flahaut, the brilliant, independent wife of Charles de Flahaut, a minor court functionary. They began a passionate affair that lasted the duration of Morris's time in France. This did not, however, prevent Morris from continuing to serve his country. He was America's primary financial agent in France, a crucial position in the fiscally shaky years after the revolution. He was an astute observer of the French Revolution — eventually, through its excess, becoming wholly suspicious of all egalitarian sentiment in politics. In doing so he grew ever more disenchanted with the vaporings of Thomas Jefferson — this would become a point of lifelong enmity between them. Morris eventually became minister to France, despite the fact that, by 1790, he had been labeled as a "counter-revolutionary" by James Madison, James Monroe, Thomas Jefferson, and the Marquis de Lafayette. It is a testament to Washington's faith in Morris that he did not let these attacks sway his faith in his appointment.

With the ascension of Jefferson to the presidency and the collapse of the Bourbons, Morris was left rather adrift in Paris. He returned to America in 1794, just as a young and just-famous Corsican's star was beginning to rise. He broke things off with Adele and settled down to a life of leisure, interrupted only by a late marriage to Ann Cary Randolph (a severe shock to those of his kin who saw, with their eyes on his property, Morris as a confirmed bachelor). He took quite poorly to the fact that the three-fifths clause had been allowed to stand, and that the difficulties with Britain culminating in the War of 1812 had been allowed to escalate, seeing in them a sure sign of the Union's demise. He died peacefully, disillusioned but charming and charismatic as ever, at his estate in 1816, having lived through a second war with Britain.

It is an understatement to call this a full life. Morris is one of the most important figures in the founding of this country. But his importance is of a kind that is usually overlooked by history. Morris was a deeply principled man, an aristocrat with intense republican sentiments, but a realist nonetheless. His labors were of the unpleasant, inglorious kind that do not involve stunning military victories, brilliant speeches, or violent self-sacrifice. Morris bore, with the exception of his sincerity, a surprisingly close resemblance to the modern politician — one can see him as a truly brilliant speaker of the House, or perhaps secretary of state. He was a fixer, a schemer, a conciliator, and a diplomat — someone concerned far more with political realities than with the verities of political philosophy. This is not to say he neglected his principles in favor of the practical — his passionate stances on abolition and toleration, his wrangling with Henry and Jay, attest to this. Rather, his realism was, in a way, dictated by his principles. His struggle to get the Continental Army funded was a disinterested one, ultimately — he struggled so that the government in which he believed so strongly might have a proper birth. But, as with all truly great committeemen, Morris has

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never really captured the popular imagination. William Howard Adams is, therefore, to be praised for undertaking to write a comprehensive academic biography of this obscure but important man.

Sadly, like so much of what is comprehensive and academic, this book lacks feeling for its subject. It is, merely, an almost verbatim transcription of the life of Gouverneur Morris. Events important to readers' understanding of Morris are blithely skimmed over. Morris was, famously, one-legged — he lost a leg to a carriage wheel. Adams glosses over what must have been a deeply traumatic event (serious injury in the eighteenth century was a dreadful affair, and Morris was, if not vain, conscious of his physical charms) in a few paragraphs. A writer with a deeper sense of psychological curiosity would have seen in this a rich vein of narrative ore.

Similarly, sometimes trivial events are treated at length. There is, at the end of the book, an unsatisfying and unnecessary digression on the subject of Ann Randolph's past. Filled with suspicious death and alleged incest, it is certainly luridly interesting. But it has the distinct feel of filler. And one must ask: How does this contribute more to our knowledge of Morris than the story of the loss of his leg? Indeed, the entire final section of the book is problematic. Morris did very little but reflect for the final years of his life. Such reflection in old age is usually accompanied by inactivity, making for a paucity of facts left in the historical record. Adams's final section, "Settling Down" is a bit scanty (even with the addition of the Ann Randolph imbroglio) because of this. But instead of availing himself of the opportunity to do a bit of delving into the mind of his subject, he merely records the scarce activities of his final years. The book literally ends with Morris's death — with nary a word of afterthought, postscript, or reflection. Adams's announcement of it drops with a palpable thud.

Adams's insensitivity to his subject results in a series of similar thuds when he begins to quote the man himself. Morris's pithiest utterances are let fall with the carelessness that his rhetorical boilerplate is. Morris may not have been an aphorist, but he certainly scored a few good ones. "Protection, Sir, is a very good thing, yet a man may pay too much for diamonds" — this in response to an advocate of "reconciliation" with Britain. It's not brilliant, but it bespeaks a certain consciousness of style on the part of the speaker. To

Morris may not have been an aphorist, but he certainly scored a few good ones. "Protection, Sir, is a very good thing, yet a man may pay too much for diamonds" — this in response to an advocate of "reconciliation" with Britain.

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Adams, this is apparently indistinguishable from Morris's much drearier ruminations on the political necessities of the founding, which are deadly earnest and quite platitudinous. There are also repeated references to Morris's reputation as a daring, if decorous, rake (as well as a whole host of fatuous quotes on the order of "There is a lack of pretty women here in York"). But for all this teasing, Adams never actually gets around to investigating this side of Morris's personality. He had one affair, and married once, and these are not even fully explored. He comes off, in Adams's hands, as practically a monster of rectitude. I do not object to this out of prurience, but in the interest of authorial coherence — what is the point of even mentioning the sex life of a man if one treats it in such a cursory manner?

The Revolutionary War is, too often, seen as an ineluctable working of history, whose conclusion was long foregone. Morris's role in the American military victory (as well as the victory of principle the framers of the Constitution won) bears a far greater resemblance to that of a modern politician than we usually ascribe to the half-mythical generals and statesman of the revolution. If we still await a study of this nearly forgotten figure that truly fascinates, Adams's book reminds us that politics has always, in this country and in all countries, been about getting things done and keeping as true to your principles as is allowed to you. In his Gouverneur Morris, we cannot fail to recognize an ideal marriage of principle and practice.

Statement of Ownership, Management, and Circulation: 1) Publication title: Policy Review; 2) Publication no.: 008-059; 3) Filing date: 10/9/02; 4) Issue frequency: Bi-monthly; 5) No. of issues published annually: 6; 6) Annual subscription price: $36; 7) Address of office of publication: 21 Dupont Circle NW, Suite 310, Washington DC 20036; 8) Address of headquarters of publisher: The Hoover Institution, Stanford University, Stanford CA 94305; 9) Names and addresses of: Publisher: The Hoover Institution, Stanford University, Stanford CA 94305; Editor: Tod Lindberg, 21 Dupont Circle NW, Suite 310, Washington DC 20036; Managing Editor: N/A; 10) Owner: The Hoover Institution, Stanford University, Stanford CA 94305; 11) Known bondholders, mortgagees, and other security holders: None; 12) Tax status: Has not changed during preceding 12 months; 13) Publication title: Policy Review; 14) Issue date for circulation data: Aug/Sept 2003; 15) Extent and nature of circulation: A. Total no. copies: ave. no. of copies each issue during preceding 12 mos: 10,834; (no. copies of single issue published nearest to filing date: 10,500); B. Paid and/or requested circulation: 1. paid/requested outside-county mail subscriptions: 4,131; (3,018); 2. paid in-county subscriptions: 0; (0); 3. sales through dealers: 2,574; (2,695); 4. other classes mailed: 10; (0); C. Total paid/requested: 6,723; (5,713); D. Free dist. by mail: 1. outside-county: 0; (0); 2. in-county: 0; (0); 3. other classes mailed: 1,306; (1,225); E. Free dist. outside mail: 301; (203); F. Total free dist.: 1,607; (1,428); G. Total dist.: 8,330; (7,141); H. Copies not dist.: 2,504; (3,359); I. Total: 10,834; (10,500); J. Percent paid/requested: 81%; (80%); 16) Publication of statement of ownership: required; 17) I certify that all information furnished on this form is true and complete (signed): Kelly S. Dillon, Editorial Office Manager, 9/11/03.

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